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STEPHEN A. MACISAAC

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DEPUTY COUNTY ATTORNEY
ARA L. TRAMBLIAN

February 5, 2007

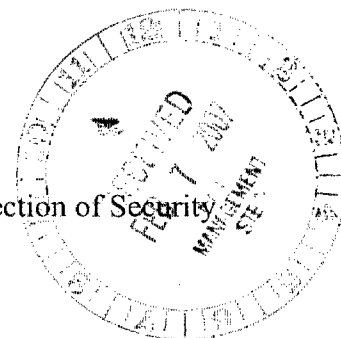
RECORDATION NO. 26795 FILED

FEB 07 '07 -2 22 PM

SURFACE TRANSPORTATION BOARD

Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street
Room 888
Washington, D.C. 20006

Re: Virginia Railway Express Rail Passenger Equipment – Perfection of Security Interest



Dear Mr. Williams:

In accordance with 49 U.S.C. §11301(a), this letter is for the purpose of perfecting the security interest in the below identified rail passenger equipment. This is a primary filing, and it is expected that secondary filings relating to additional equipment subject to the same security interest will be made in the near term.

The rail passenger equipment is identified as follows:

Item of Equipment	Car Type, Mark and Number	Serial Number (if applicable)
Cab-control passenger railcar	Balcony-style gallery – V710	N/A
Cab-control passenger railcar	Balcony-style gallery – V711	N/A
Cab-control passenger railcar	Balcony-style gallery – V712	N/A
Cab-control passenger railcar	Balcony-style gallery – V713	N/A
Cab-control passenger railcar	Balcony-style gallery – V714	N/A
Cab-control passenger railcar	Balcony-style gallery – V715	N/A

The rail passenger equipment was manufactured by:

Sumitomo Corporation of America
600 Third Avenue
New York, New York 10016

The rail passenger equipment was purchased by two transportation district commissions which are governmental entities duly constituted under the laws of the Commonwealth of Virginia, and which jointly own and operate the commuter rail service known as the Virginia Railway Express (VRE), specifically:

Northern Virginia Transportation Commission
4350 North Fairfax Drive
Suite 720
Arlington, Virginia 22203


and

Potomac and Rappahannock Transportation Commission
14700 Potomac Mills Road
Woodbridge, Virginia 22192

The rail passenger equipment was purchased subject to a master lease agreement, a copy of which is attached hereto, dated as of May 1, 2005, between the above Commissions as Co-Lessees, BTM Funding Corporation as Lessor, and SUNTRUST Bank as Escrow Agent. The Co-Lessees granted the Lessor a security interest in the rail passenger equipment pursuant to section 7.20 of the master lease agreement.

If you are in need of further information in this regard, please do not hesitate to contact me.

Sincerely,



Stephen A. MacIsaac
County Attorney
Counsel to VRE

Cc: Dale Zehner, Chief Executive Officer, VRE

RECORDATION NO.

26795

FILED

FEB 07 '07

-2 22 PM

SURFACE TRANSPORTATION BOARD

\$25,100,000

**Northern Virginia Transportation District Commission and
Potomac and Rappahannock Transportation District Commission
Master Lease Agreement with
BTM Funding Corporation dated as of May 1, 2005 and
Equipment Schedule No. 1 dated May 23, 2005**

May 23, 2005

\$25,100,000

Northern Virginia Transportation District Commission and
Potomac and Rappahannock Transportation District Commission
Master Lease Agreement with
BTM Funding Corporation dated as of May 1, 2005 and
Equipment Schedule No. 1 dated May 23, 2005

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GENERAL CERTIFICATE OF NVTC

The undersigned Executive Director of Northern Virginia Transportation District Commission (the "Commission"), on behalf of Northern Virginia Transportation District (the "District"), certifies as follows:

1. This Certificate is being delivered in connection with the execution by the Commission on this date of the Master Lease Agreement dated as of May 1, 2005 between BTM Funding Corporation, the Commission, Potomac and Rappahannock Transportation District Commission ("PRTC") and SunTrust Bank, and Equipment Schedule No. 1 thereto (together, the "Lease"). Unless otherwise defined, all capitalized terms used in this Certificate have the same meaning as in the Lease.

2. The District was duly created as a body corporate and politic by the 1964 Acts of Assembly of the Commonwealth of Virginia, Chapter 630, as amended ("Chapter 630"), pursuant to the Transportation District Act of 1964, Chapter 45, Title 15.2 of the Code of Virginia of 1950, as amended (the "Act"), for the purpose of taking advantage of all the powers granted and purposes permitted of transportation districts under the Act. Exhibit A is a true and complete copy of Chapter 630 which has not been further amended or modified and remains in full force and effect. Exhibit B is a true and complete copy of the bylaws of the Commission, which have not been amended or modified and remain in full force and effect.

3. The members of the Commission on May 16, 2005, and at all times thereafter, to and including the date of this Certificate, consisted of the following persons, each of whom is duly qualified and appointed and is serving as a member of the Commission for a term of office expiring as stated:

<u>Name</u>	<u>Term Expires</u>
David Albo	July 31, 2006
Sharon Bulova	January 11, 2006
Gerald E. Connolly	January 11, 2006
Eugene Delgaudio	January 31, 2005
Jeannemarie Devolites Davis	July 31, 2008
Adam Ebbin	July 31, 2006
William D. Euille	January 31, 2005
Paul Ferguson	December 31, 2005
Jay Fiset	December 31, 2005
Ludwig P. Gaines	January 31, 2005
Catherine Hudgins	January 11, 2006
Timothy Hugo	July 31, 2006
Dana Kauffman	January 11, 2006
Elaine McConnell	January 11, 2006
Karen Rae	January 31, 2005

Gary Reese
Scott Silverthorne
David F. Snyder
Mary Margaret Whipple
Christopher Zimmerman

July 31, 2006
January 31, 2005
January 31, 2005
July 31, 2008
December 31, 2005

4. Exhibit C is a true and complete copy of a resolution duly adopted by the Commission on May 16, 2005, authorizing the execution of the Lease (the "Resolution"). The Resolution was duly adopted by the Commission at a public meeting duly called at which a quorum was present and acting throughout by a vote of a majority of the members of the Commission present, including an affirmative vote from a majority of the jurisdictions represented. The Resolution has not been repealed, revoked, rescinded or amended and remains in full force and effect as of the date of this Certificate.

5. All of the representations of the Commission set forth in the Lease are true and correct as of the date of this Certificate and all conditions necessary to the execution and delivery of the Lease have been satisfied and performed.

6. To the best of the knowledge of the undersigned, upon and immediately following the execution of the Lease, no Event of Default under the Lease, and no event or condition, which with the giving of notice or lapse of time or both, would become an Event of Default, will have occurred and be continuing.

7. The individuals listed below, the Executive Director of the Commission, any officer of the Commission, the Executive Director of PRTC and any officer of PRTC are designated "Authorized Officers" and "Representatives" for all purposes of the Lease.

Dale Zehner
Donna Boxer

[Signature Page Follows]

Dated: May 23, 2005

A handwritten signature in cursive script, reading "Richard K. Taube".

Richard K. Taube, Executive Director,
Northern Virginia Transportation District
Commission

Exhibits:

- A - Chapter 630
- B - Bylaws
- C - Resolution

The committee shall prepare and execute a certificate setting forth the means by which such paid instruments were destroyed, the issue, series, number and maturity date of the paid bonds so destroyed and the fiscal year in which paid; provided that the detailed description of bond coupons paid in the fiscal year ended June thirty, nineteen hundred fifty-eight and in any fiscal year prior thereto need not be listed in the certificate, although reference in the certificate shall be made as to the amount of coupons paid in such fiscal year that were destroyed; but for any fiscal year subsequent to June thirty, nineteen hundred fifty-eight such certificate shall set forth the same descriptive information for paid bond coupons destroyed as is required herein for paid bonds.

Every such certification shall be in such form as shall be prescribed by the governing body and shall be acknowledged in the manner prescribed by law for the acknowledgement of deeds. The certification shall be prepared in duplicate, the original of which shall be made a part of the minutes of the governing body, and the copy thereof shall be retained as a permanent record of the office of the treasurer or the director of finance.

CHAPTER 630

An Act to protect and further the public interest, economy, safety and convenience through the provision of transportation facilities, highways and other modes of transport; and to this end to create the Northern Virginia Transportation District in certain counties and cities under the control of the Northern Virginia Transportation Commission, and to provide for membership upon the latter; to authorize certain counties and cities to appropriate funds in connection with certain interstate matters involving transportation; and to provide for the construction of the act.

[H 814]

Approved March 31, 1964

Be it enacted by the General Assembly of Virginia:

1. § 1. Declaration.—

The development of a transportation system, composed of transit facilities, public highways, and other modes of transport, is necessary for the orderly growth and development of the area hereinafter defined and of the Commonwealth of Virginia; and the creation of a transportation district comprising said area as hereinafter provided, in which shall function as a public instrumentality a transportation commission with all of the powers granted by the "Transportation District Act of 1964," and amendments thereof, and subject to all the provisions thereof, is hereby determined to be the most advisable means of planning and developing a transportation system required for said area and for the safety, comfort and convenience of its citizens and for the economical utilization of public funds.

§ 2. Northern Virginia Transportation District Created.—

For the purpose of taking advantage of the "Transportation District Act of 1964", there is hereby created the Northern Virginia Transportation District in which shall function the Northern Virginia Transportation Commission, with all of the powers granted by such law, and amendments thereof, and any other law, and subject to all of the provisions thereof, and the district as created shall be deemed for any and all purposes to have been validly created under said Act.

§ 3. Northern Virginia Transportation District Described.—

Subject to amendment as provided by the "Transportation District Act of 1964", or by other law, the said Northern Virginia Transportation District shall embrace the Counties of Arlington and Fairfax, and the Cities of Alexandria, Falls Church and Fairfax.

§ 4. Members of the Northern Virginia Transportation Commission.—

Pursuant to the provisions of Article 3, Section 3. of the "Transportation District Act of 1964", the members of the Northern Virginia Transportation Commission shall consist of four members from Fairfax County, three from Arlington County, two from the City of Alexandria, one from the City of Falls Church, one from the City of Fairfax and the Chairman of the State Highway Commission or his designee; the members from the respective counties and cities shall be appointed by the governing bodies of their county or city in the manner specified therein.

§ 5. Authorization to appropriate.—

The component governments of the Northern Virginia Transportation District hereby created, are authorized to make appropriations to cover the Virginia share of the expenses of the Joint Commission to consider certain matters relating to passenger carrier facilities in the Washington metropolitan area, which Joint Commission has been empowered under a joint resolution of the General Assembly of Virginia, to negotiate an interstate compact between Virginia, Maryland and the District of Columbia dealing with transportation.

§ 6. Act Liberally Construed.—

This act, being necessary for the welfare of the State and its inhabitants, shall be liberally construed to effect the purposes thereof.

§ 7. Severability.

If any part or parts, section, subsection, sentence, clause or phrase of this act or the application thereof to any person or circumstance, is for any reason declared unconstitutional, such decision shall not affect the validity of the remaining portions of this act which shall remain in force as if such act had been passed with the unconstitutional part or parts, section, subsection, sentence, clause, phrase or such applications thereto eliminated; and the General Assembly hereby declares that it would have passed this act if such unconstitutional part or parts, section, subsection, sentence, clause or phrase had not been included herein or if such application had not been made.

CHAPTER 631

An Act to protect and further the public interest, economy, safety and convenience by means of the provision of transportation facilities, highways and other modes of transportation; to this end to provide for the creation of transportation districts and the powers and duties thereof and to declare the need for action in relation thereto and to certain facilities; to define terms; to provide for the incorporation and name of transportation districts, transportation commissions, and membership on the foregoing; to provide for the status of the State Highway Commissioner concerning such districts and commissions; to provide for the membership, and terms and compensation of members, of transportation commissions; to require certain meetings of commissions and how certain action may be taken; to prohibit conflicts of interest and provide penalties; to prescribe how monies and accounts shall be kept; to set forth the powers and func-

APPENDIX D

NVTC BY-LAWS

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

BY-LAWS

Adopted 3 Mar. 66
Revised 4 Aug. 66
Revised 9 Jan. 69
Revised 5 Jun. 75
Revised 6 May. 81
Revised 11 Jul. 85
Revised 3 Oct. 85
Revised 3 Jan. 90
Revised 1 Mar. 90
Revised 1 Jul. 04

1. PARTICIPATING GOVERNMENTS

- A. The following local governments, comprising the Northern Virginia Transportation District (Section 15.2-4503.1 of the Virginia Code) are eligible to participate in the Northern Virginia Transportation Commission, with representatives as noted:

- (1) Fairfax County --Five members
- (2) Arlington County --Three members
- (3) City of Alexandria --Two members
- (4) City of Fairfax--One member
- (5) City of Falls Church --One member
- (6) Loudoun County* --One member

- B. In addition, the chairman of the Commonwealth Transportation Board designates one ex officio member of the commission.

* Loudoun County's membership is governed by the terms of an agreement dated December 14, 1989 between NVTC and the county.

- C. The General Assembly of Virginia is represented by two senators and four delegates.
- D. Additional counties and cities may be added to the transportation district and shall appoint one representative.

2. MEETINGS

A. Regular Public Meetings

Regular public meetings will be held on the first Thursday night of each month unless two thirds of the members shall consent to an alternate date. If the meeting night occurs on a holiday, the commission shall designate a substitute night as a matter of business during a prior meeting.

B. Quorum and Action by Commission

Section 15.2-4512 of the Virginia Code stipulates the requirements of a quorum and action by the commission. A quorum requires eleven members including individuals representing four jurisdictions. However, while the General Assembly is in session, NVTC's General Assembly members shall not be counted in determining a quorum. General Assembly members on the commission represent the Commonwealth of Virginia and not the jurisdictions from which they are elected. The presence of a quorum and a vote of the majority of the members necessary to constitute a quorum of all the members appointed to the commission, including an affirmative vote from at least one commissioner from a majority of the jurisdictions represented at the meeting, shall be necessary to take any action.

Notwithstanding the provisions of Section 2.2-3708, members of the General Assembly may participate in the meetings of the commission through electronic communications while the General Assembly is in session.

3. RULES OF PROCEDURE

Robert's Rules, as amended shall apply.

4. OFFICERS

- A. The officers of the commission shall be elected from the membership of the commission and shall serve terms of one year, or until their successors are elected, and may succeed themselves.
- B. The officers and their duties shall be as follows:
 - (1) Chairman: The chairman presides at meetings of the commission, represents the commission before the United States Congress, the Virginia Assembly, and other commissions, and is the commission's spokesman in matters of policy.
 - (2) Vice Chairman: The vice chairman shall, in the absence or disability of the chairman, perform the duties and exercise the powers of the chairman.
 - (3) Secretary-Treasurer: The secretary-treasurer shall monitor the financial administration of the commission including the funds and investment of funds and securities of the commission and monitor

financial records and the issuance of such reports as required by law, i.e., annual audit and other financial statements as determined by the commission. At least quarterly he or she shall present reports of the financial condition of the commission, giving the status and basis for all investments and of all money and other valuable effects in the name or in the credit of the commission.

- C. Election of the officers shall take place annually at the January meeting of the commission, and the officers shall serve until their successors are duly elected. Notice of meeting must state that election of officers will be a matter of business at the meeting.

5. EMPLOYEES

- A. The Commission shall employ an executive director who shall hire and direct such other employees as may be necessary to perform the functions of the commission.
- B. The duties, qualifications, terms, compensation and related benefits of employees shall be prescribed in Personnel Policies as adopted and amended from time to time by the commission.

6. ACCOUNTS AND RECORDS

- A. The Virginia Code stipulates the types of records to be maintained by the commission.
- B. The annual report of the commission shall be for the fiscal year period.

- C. The official minutes of the commission shall be in the custody of the executive director of the commission who shall certify copies and abstracts of the minutes when required.

7. BONDING OF COMMISSIONERS AND EMPLOYEES

- A. The commission shall secure a public official bond for the faithful performance of duties in the amount of:

- (1) \$5,000 for each member of the commission except the secretary-treasurer:
- (2) \$25,000 for the secretary treasurer.

The bonds shall be filed with and preserved by the Comptroller of the Commonwealth.

- B. The commission shall secure a fidelity bond for the faithful performance of duties in the amount of:

- (1) \$1,000,000 for the executive director; and
- (2) As directed for other members of the commission staff and officers as appropriate. The executive director's and staff bonds will be held by the commission.

8. FINANCES

- A. Fiscal Year

The fiscal year shall begin the first day of July in each year.

B. Budget

- (1) The executive director shall submit a proposed budget for the succeeding fiscal year during the month of January.
- (2) The budget approved by the executive committee shall be submitted to the commission at its February meeting. The notice of this meeting must state that the budget for the coming fiscal year is to be a matter of business at the meeting.
- (3) The administrative expenses of the commission, to the extent funds for such expenses are not provided from other sources, shall be allocated among the component governments on the basis of the relative shares of state and federal transit aids allocated by the commission among its component governments.

C. Audit

The books of the commission shall be audited by a certified public accountant or accountants, and the audit report shall be included in the annual report.

9. COMMITTEES

A. Executive Committee

- (1) **Membership:** There shall be an executive committee consisting of the chairman, the immediate past chairman if still a member of the commission, the vice chairman, the secretary-treasurer, both of the commission's WMATA representatives and one member of the

General Assembly. The legislative commissioner on the executive committee shall be appointed by the senior member of the legislative commissioners in point of service in the General Assembly.

- (2) Duties: The executive committee shall:
- (a) Review the work program of the commission and advise the executive director on activities within policies set by the commission.
 - (b) Identify and present to the commission policy issues related to transportation improvements and the administration of NVTC.
 - (c) Review the current administration of the commission including the expenditure and investment of commission funds. Information on these matters shall continue to be provided at least quarterly to the commission.
 - (d) Consider and make recommendations to the commission on the substantive program areas for commission activity and for the establishment and disestablishment of subcommittees required for each activity.
 - (e) Regularly report its deliberations to the commission.
 - (f) Regularly review the performance of the executive director.
 - (g) Function as an audit committee by reviewing periodic financial reports, responding to recommendations from NVTC's auditors and meeting with those auditors as needed.

B. Other Committees

The commission shall, at its organizational meeting, or thereafter, establish such committees as it deems appropriate. Such committees shall continue throughout the calendar year unless dissolved. The chairman of the commission shall designate the chairman and membership of each such committee.

10. AMENDMENT TO BY-LAWS

- A. The By-Laws may be altered or amended by the presentation of such proposed alterations or amendments at one meeting with explanations of the proposed changes. Action on the proposed changes shall be taken at the following or subsequent meetings. Notice of proposed action to amend the By-Laws shall be included in the meeting notice.
- B. The enactment of a change of the By-Laws requires a majority vote of the full commission.

NVTC

Northern Virginia Transportation Commission

RESOLUTION #1071

SUBJECT: Contract Award for New Railcars.

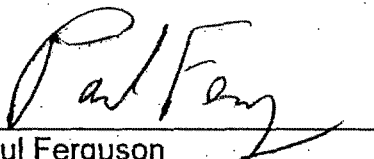
WHEREAS: On October 29, 2004, a Request for Proposals was issued by VRE for the purchase of 11 new cab cars with an option to purchase 50 additional passenger cars;

WHEREAS: Proposals were due on December 30, 2004; and

WHEREAS: One proposal was received from Sumitomo Corporation of America for 11 two-level, balcony-style, gallery cab-control passenger cars plus the option for 50 railcars.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to enter into a contract with Sumitomo Corporation of America for the production of 11 new cab cars in an amount not to exceed \$22,943,833 plus a contingency of \$500,000 for a total of \$23,443,833.

Approved this 16th day of May, 2005.


Paul Ferguson
Chairman

David F. Snyder
Secretary-Treasurer



NVTC

Northern Virginia Transportation Commission

RESOLUTION #1072

SUBJECT: Contract Award for Railcar Financing.

WHEREAS: The Northern Virginia Transportation District Commission ("NVTC") and Potomac and Rappahannock Transportation District Commission ("PRTC," and, together with NVTC, the "Commissions"), joint owners and operators of the Virginia Railway Express ("VRE"), a commuter rail service serving Northern Virginia and the District of Columbia, have decided to jointly enter into a tax-exempt lease financing transaction in order to finance the leasing of railcars for the operation of VRE's commuter rail services (the "Equipment") in accordance with the terms and conditions set forth in VRE Invitation for Bids #05-009 (the "IFB") and the response thereto (the "Bid") of BTM Capital Corporation ("BTM"), copies of which have been provided to the Commissions; and

WHEREAS: NVTC desires to authorize the lease financing of the Equipment as described above (and as further described below) in furtherance of the purposes for which NVTC was formed.

NOW, THEREFORE BE IT RESOLVED by the Northern Virginia Transportation Commission as follows:

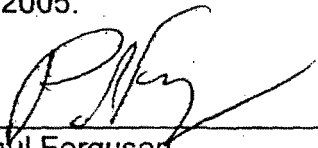
1. The lease financing of the Equipment from BTM, upon the terms and conditions set forth in the IFB and the Bid, with such changes thereto as may be approved in writing by the Chairman, Vice Chairman or Executive Director of NVTC, including, without limitation, the substitution of another responding bidder for BTM if the Commissions and BTM are not able to come to final agreement as to terms, is hereby authorized.
2. The Chairman, Vice Chairman or Executive Director of NVTC is authorized to determine and approve the final details of the lease financing, including, without limitation, the aggregate principal amount of the lease financing, the interest rates on the lease financing, the dates (including payment dates) of the lease financing documents, the appointment of the escrow agent and the servicer, if any, for the lease financing, and the amounts and prices of any optional or mandatory prepayments, provided,



however, that the aggregate principal amount of the lease financing shall not exceed \$25,100,000, its term shall not exceed 21 years and its annual rate of interest shall not exceed 6.0%. The approval of the Chairman, Vice Chairman or Executive Director of NVTC of such details shall be conclusively evidenced by the execution and delivery of a Master Lease Agreement for the lease financing, which Master Lease Agreement shall be prepared by VRE's bond counsel and reviewed by its general counsel.

3. The Chairman, Vice Chairman or Executive Director of NVTC is authorized to approve, execute and deliver on behalf of NVTC, and, if required, the Secretary or any Assistant Secretary of NVTC is authorized to affix and attest the seal of NVTC to, the Master Lease Agreement described above and such other documents, instruments or certificates as they deem necessary or appropriate, in consultation with VRE's bond counsel and general counsel, to carry out the lease financing transaction authorized by this resolution. The approval of the Chairman, Vice Chairman or Executive Director of NVTC shall be conclusively evidenced by the execution and delivery of such documents, instruments or certificates. Such officers of NVTC and the Executive Director are further authorized to do and perform such other things and acts as they deem necessary or appropriate, in consultation with VRE's bond counsel and general counsel, to carry out the lease financing transaction authorized by this resolution. All of the foregoing previously approved, executed, delivered, done or performed by such officers of NVTC are in all respects hereby approved, ratified and confirmed.
4. This resolution shall take effect immediately upon its adoption.

Approved this 16th day of May, 2005.



Paul Ferguson
Chairman

David F. Snyder
Secretary-Treasurer



RESOLUTION #1073

SUBJECT: Authorization to Modify VRE's Fare Structure.

WHEREAS: As part of the FY 2006 VRE budget, VRE must increase revenue nearly \$1 million to cover increased operating costs;


WHEREAS: In addition to voting to increase the jurisdictional subsidy, the commissions also authorized a fare increase of 2.75% on which public hearings were held; and

WHEREAS: Passengers and interested parties commented via e-mail, letter, fax, and in person at six public hearings.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to institute the following changes to the VRE fare structure effective June 27, 2005:

- 1) Increase the base fare and zone increment by 2.75%;
- 2) Increase the monthly and TLC ticket discount to 34%;
- 3) Decrease the 10-trip ticket discount to 8%; and
- 4) Create a \$2 step-up ticket for VRE passengers using Amtrak.

Approved this 16th day of May, 2005.



Paul Ferguson
Chairman

David F. Snyder
Secretary-Treasurer



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GENERAL CERTIFICATE OF PRTC

The undersigned Executive Director of Potomac and Rappahannock Transportation District Commission (the "Commission"), on behalf of Potomac and Rappahannock Transportation District (the "District"), certifies as follows:

1. This Certificate is being delivered in connection with the execution by the Commission on this date of the Master Lease Agreement dated as of May 1, 2005 between BTM Funding Corporation, the Commission, Northern Virginia Transportation District Commission ("NVTC") and SunTrust Bank, and Equipment Schedule No. 1 thereto (together, the "Lease"). Unless otherwise defined, all capitalized terms used in this Certificate have the same meaning as in the Lease.

2. The District was duly created as a body corporate and politic pursuant to the Transportation District Act of 1964, Chapter 45, Title 15.2 of the Code of Virginia of 1950, as amended (the "Act"), for the purpose of taking advantage of all the powers granted to and purposes permitted of transportation districts under the Act. Exhibit A contains true and complete copies of the ordinances (the "Ordinances") passed by the governing bodies of the Cities of Manassas, Manassas Park and Fredericksburg and the Counties of Prince William and Stafford to create the District pursuant to the Act. The Ordinances have not been amended or modified and remain in full force and effect. Exhibit B is a true and complete copy of the bylaws of the Commission, which have not been amended or modified and remain in full force and effect.

3. The members of the Commission on May 5, 2005, and at all times thereafter, to and including the date of this Certificate, consisted of the following persons, each of whom is duly qualified and is serving as a member of the Commission for a term of office expiring as stated:

<u>Commissioner</u>	<u>Term Expires</u>
Charles M. Badger	Ex Officio
Hilda M. Barg	December 31, 2007
Maureen S. Caddigan	December 31, 2007
Jack R. Cavalier	December 31, 2007
W. S. Covington III	December 31, 2007
Robert C. Gibbons	December 31, 2007
H. William Greenup	June 30, 2006
John D. Jenkins	December 31, 2007
Scott Lingamfelter	July 1, 2005
Michele B. McQuigg	July 1, 2005
Martin E. Nohe	November 1, 2007
Linda T. Puller	November 1, 2007
John T. Stirrup	November 1, 2007
Douglas Waldron	June 30, 2008
William R. Wren	June 30, 2008

4. Exhibit C is a true and complete copy of a resolution duly adopted by the Commission on May 5, 2005, authorizing the execution of the Lease (the "Resolution"). The Resolution was duly adopted by the Commission at a public meeting duly called at which a quorum was present and acting throughout by a vote of a majority of the members of the Commission present, including an affirmative vote from a majority of the jurisdictions represented. The Resolution has not been repealed, revoked, rescinded or amended and remains in full force and effect as of the date of this Certificate.

5. All of the representations of the Commission set forth in the Lease are true and correct as of the date of this Certificate and all conditions necessary to the execution and delivery of the Lease have been satisfied and performed.

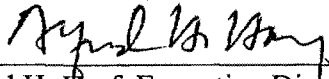
6. To the best of the knowledge of the undersigned, upon and immediately following the execution of the Lease, no Event of Default under the Lease, and no event or condition, which with the giving of notice or lapse of time or both, would become an Event of Default, will have occurred and be continuing.

7. The individuals listed below, the Executive Director of the Commission, any officer of the Commission, the Executive Director of NVTC and any officer of NVTC are designated "Authorized Representatives" for purposes of the Lease.

Dale Zehner
Donna Boxer

[Signature Page Follows]

Dated: May 23, 2005



Alfred H. Harf, Executive Director,
Potomac and Rappahannock Transportation District
Commission

Exhibits:

- A - Ordinances
- B - Bylaws
- C - Resolution

MOTION: PFITZNER

July 1, 1986
Regular Meeting
Ord. No. 86-102

SECOND: KIDWELL

RE: CREATION OF THE POTOMAC AND RAPPAHANNOCK
TRANSPORTATION DISTRICT

WHEREAS, the Prince William Board of County Supervisors, after thorough analysis by staff, and a public hearing on the issues, has determined that the orderly growth and development of Prince William County and the comfort, convenience and safety of its citizens require an improved transportation system, composed of transit facilities, public highways and other modes of transport; and

WHEREAS, the Board of County Supervisors has conducted discussions and negotiations with counties and cities contiguous to Prince William County, and has reached an agreement on joint action with the contiguous jurisdictions of Stafford County, and the city of Manassas, regarding the formation of a transportation district comprised of the aforesaid jurisdictions which will facilitate the planning and development of the needed transportation system;

NOW, THEREFORE, BE IT ORDAINED that the Board of County Supervisors does hereby constitute the Potomac and Rappahannock Transportation District, which shall be created and governed in accordance with the proposed ordinance attached hereto and incorporated herein by reference, and by the Virginia Transportation District Act of 1964, as amended.

ATTACHMENT

VOTE:

Ayes: Guiffre, Jenkins, Kidwell, King, Pfitzner, Reading

Nays: None

Absent from Vote: None

Absent from Meeting: Seefeldt

For information:

County Attorney
Planning Director

CERTIFIED COPY

Arthur Clemens Rollins
Clerk to the Board

RE: TRANSPORTATION DISTRICT - CERTIFICATION AND
APPOINTMENT OF MEMBERS

WHEREAS, the Board of County Supervisors, in Ordinance No. 86-102, created the Potomac and Rappahannock Transportation District; and

WHEREAS, the Board of County Supervisors filed the Ordinance with the Secretary of the Commonwealth, who has returned a certification to the Board of County Supervisors that the ordinance required under State law has been filed, and that upon the basis of the facts set forth in such State law, has satisfied the requirements of State law for creation of a transportation district; and

WHEREAS, State law further requires that the certification of the Secretary of the Commonwealth be entered in the minutes of the Board of County Supervisors' meeting;

NOW, THEREFORE, BE IT RESOLVED that the certification of the Secretary of the Commonwealth pertaining to creation of the Potomac and Rappahannock Transportation District attached hereto shall be and hereby is entered into the minutes of this meeting, thereby constituting the Potomac and Rappahannock Transportation District as described in Ordinance No. 86-102; and

BE, IT FURTHER RESOLVED that the Board of County Supervisors does hereby appoint the following members to represent Prince William County on the Potomac and Rappahannock Transportation District:

Supervisor Guiffre
Supervisor Jenkins
Supervisor Kidwell
Supervisor King
Supervisor Seefeldt

ATTACHMENT

VOTE

Ayes: Guiffre, Jenkins, Kidwell, King, Pfitzner, Reading, Seefeldt

Nays: None

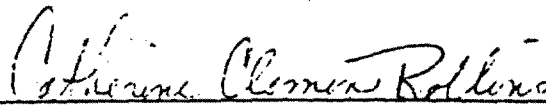
Absent from Vote: None

Absent from Meeting: None

For information:

Resident Engineer, Virginia Department of
Highways and Transportation
County Attorney
Planning Director
Clerk to the Board

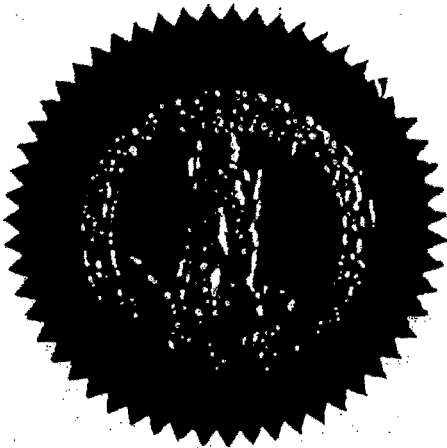
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Clerk to the Board

COMMONWEALTH OF VIRGINIA
OFFICE OF THE GOVERNOR
SECRETARY OF THE COMMONWEALTH
RICHMOND 23219

SANDRA D. BOWEN

I, Sandra D. Bowen, Secretary of the Commonwealth, and as such Keeper of the Great and Lesser Seals, do hereby certify that an Ordinance to create the Potomac and Rappahannock Transportation District pursuant to the authority of Chapter 32, Article 2, of Title 15.1 of the Code of Virginia, 1950, as amended, was adopted on July 1, 1986 by the County of Prince William, and filed in this office July 10, 1986, and find upon the basis of the facts set forth therein that said ordinance satisfies the requirements of aforesaid Act.



Given under my hand and under the Lesser seal of the Commonwealth at Richmond, this 10th day of July, in the year of our Lord one thousand nine hundred eighty-six, and in the two hundred eleventh year of the Commonwealth.

Sandra D. Bowen
Secretary of the Commonwealth



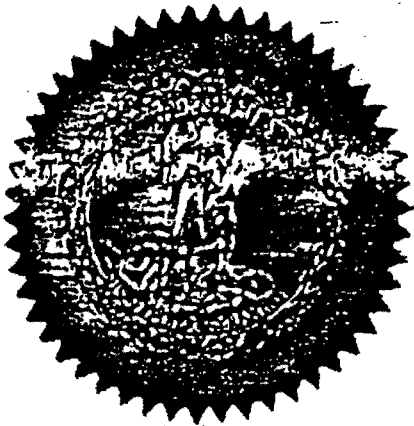
COMMONWEALTH of VIRGINIA

Office of the Governor

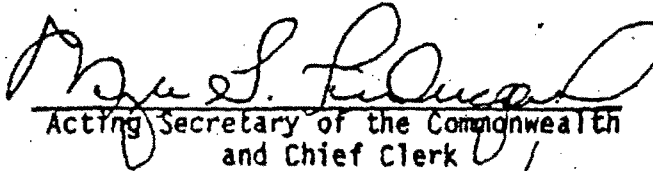
Richmond 23219

Sandra D. Bowen
Secretary of the Commonwealth

I, MYRA L. FEDERSPIEL, Acting Secretary of the Commonwealth and Chief Clerk, pursuant to the authority vested in me by Section 2.1-73 of the Code of Virginia and acting on behalf of SANDRA D. BOWEN, Secretary of the Commonwealth, do hereby certify that the foregoing an Amended Founding Ordinance and Master Agreement Potomac and Rappahannock Transportation District was recorded in the Office of the Secretary of the Commonwealth on the 16th day of July, 1987 by the City of Manassas Park, Virginia.



Given under my hand and under the Lesser Seal of the Commonwealth at Richmond, this 16th day of July in the year of our Lord one thousand nine hundred and eighty-seven and in the 212th year of the Commonwealth.

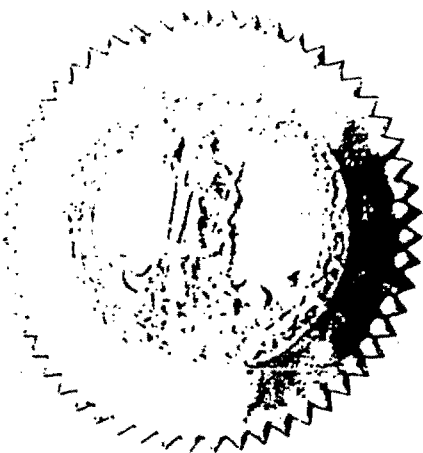

Acting Secretary of the Commonwealth
and Chief Clerk



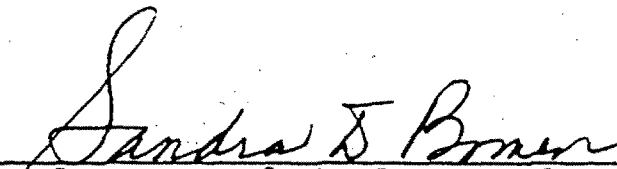
SANDRA D. BOWEN

COMMONWEALTH OF VIRGINIA
OFFICE OF THE GOVERNOR
SECRETARY OF THE COMMONWEALTH
RICHMOND 23219

I, Sandra D. Bowen, Secretary of the Commonwealth, and as such, Keeper of the Great and Lesser Seals, do hereby certify that an Ordinance to create the Potomac and Rappahannock Transportation District pursuant to the authority of Chapter 32, Article 2, of Title 15.1 of the Code of Virginia, 1950, as amended, was filed in this office June 19, 1986 by the City of Manassas, and find upon the basis of the facts set forth therein that said ordinance satisfies the requirements of aforesaid Act.



Given under my hand and under the Lesser seal of the Commonwealth at Richmond, this 19th day of June, in the year of our Lord one thousand nine hundred eighty-six, and in the two hundred tenth year of the Commonwealth.


Secretary of the Commonwealth

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

ORDINANCE

At a regular meeting of the Stafford County Board of Supervisors held in the Board of Supervisors Chambers, Stafford County Administration Center (Rowser Building), Stafford, Virginia, on the 17th day of June, 1986:

MEMBERS:

Ralph A. Marceron, Chairman
Rebecca L. Reed, Vice Chairperson
Alvin Y. Bandy
Ferris M. Belman, Sr.
Lindbergh A. Fritter
Philip E. Hornung
John M. Porter

VOTE:

Yes
Yes
No
Yes
Yes
Yes
Yes

On motion of Mr. Hornung, seconded by Mr. Fritter, which carried by a vote of 6 to 1, the following was adopted:

AN ORDINANCE TO CREATE THE POTOMAC AND
RAPPAHANNOCK TRANSPORTATION DISTRICT

WHEREAS, the Code of Virginia (1950), as amended, authorizes the formation of a Transportation District of jurisdictions contiguous to the Northern Virginia Transportation Commission, in which District a two per cent motor vehicle fuels tax is collected for mass transit purposes of the District, and wherein the tort claims of the District are limited to \$25,000 per person; and

WHEREAS, the creation of the District and revenues from the two per cent fuels tax is necessary for the implementation of the proposed experimental commuter rail service from Fredericksburg, Virginia, to Washington, D.C.; and

WHEREAS, the District will facilitate the planning and development of an improved transportation system in the District; and

WHEREAS, Stafford County desires to join Prince William County and the City of Manassas to form the Potomac and Rappahannock Transportation District effective July 1, 1986; and

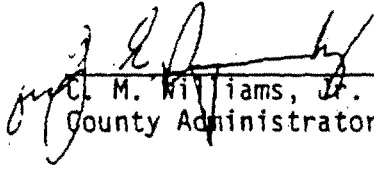
WHEREAS, Stafford County has reviewed the proposed Founding Ordinance and Master Agreement for the proposed Potomac and Rappahannock Transportation District and finds it to be acceptable to the County; and

WHEREAS, the Board of Supervisors has considered the input received at public hearing;

NOW, THEREFORE, BE IT ORDAINED by the Stafford County Board of Supervisors on this the 17th day of June, 1986, that it does hereby adopt the Founding Ordinance and Master Agreement for the Potomac and Rappahannock Transportation District in concert with Prince William County and the City of Manassas; and

BE IT FURTHER ORDAINED by the Board of Supervisors that the County Administrator be and he hereby is directed to certify a copy of the Ordinance to the Secretary of the Commonwealth.

ADOPTED: June 17, 1986



C. M. Williams, Jr.
County Administrator

CMWJr:RT:jcw

FOUNDING ORDINANCE AND MASTER AGREEMENT
POTOMAC AND RAPPAHANNOCK TRANSPORTATION DISTRICT

Section 1. Purpose of Chapter.

The Potomac and Rappahannock Transportation District is hereby created to facilitate the planning and development of an improved transportation system composed of transit facilities, public highways and other modes of transportation, required in order to promote orderly transportation into, within, and from the various contiguous counties and cities composing the District, and to secure the comfort, convenience, and safety of its citizens through joint action by those contiguous cities and counties.

Section 2. Territorial Limits.

The Potomac and Rappahannock Transportation District shall embrace the territorial limits of Prince William and Stafford Counties, and shall include the City of Manassas.

Section 3. Commission.

A. The Potomac and Rappahannock Transportation District Commission, a body corporate and politic, is hereby created to manage and control the functions, affairs and property of the District and to exercise all of the rights, powers and authority and to perform all of the duties conferred or imposed upon the corporation in accordance with the law, and as may be set forth herein.

B. Membership.

(1) The Commission shall consist of nine (9) members, representing Prince William County, Stafford County, and the City of Manassas, as such number may be amended by unanimous agreement of the member jurisdictions from time to time, and an ex officio representative of the Virginia Department of Highways and Transportation. Membership shall be altered upon the entry of any new jurisdiction into the District, or upon the withdrawal of any jurisdiction therefrom, in accordance with an agreement among the parties for the purpose.

The several jurisdictions initially forming the District shall be represented as follows:

Prince William County	- 5 members
Stafford County	- 2 member
City of Manassas	- 1 member
VDH&T	- 1 member
	<u>9 members</u>

(2) The governing body of each member jurisdiction shall appoint from among its members or otherwise, as its representatives, the number of Commissioners to which the jurisdiction is hereunder entitled, each of whom shall serve at the pleasure of the governing body making the appointment.

(3) The governing body of each member jurisdiction may appoint designated alternate members for those representatives of the member jurisdiction appointed to the Commission who shall exercise all of the powers and duties of a Commission member when the regular member is absent from Commission meetings. Alternate members shall serve at the pleasure of the governing body of the jurisdiction making the appointment. Alternate members need not be members of the governing body making the appointment.

(4) The governing body of each member jurisdiction shall inform the Commission of its appointments to and removals from the Commission by delivering to the Commission a certified copy of the resolution making the appointment or causing the removal.

(5) The Chairman of the State Highway and Transportation Board, or his designee, shall be a member of the Commission, ex officio. The Chairman of the State Highway and Transportation Board may appoint an alternate member who shall have authority to exercise all the powers and duties of the Chairman of the State Highway and Transportation Board when neither the Chairman nor his designee shall be in attendance at a meeting of the Commission.

(6) Each member of the Commission, before entering on the performance of his public duties, shall take and subscribe the oath or affirmation specified in Article II, Section 7 of the Constitution of Virginia.

(7) Each member of the Commission shall, before entering upon the discharge of his duties under this Chapter, give bond payable to the Commonwealth in form approved by the Attorney General, in such penalty as shall be fixed from time to time by the Governor, with some surety or guarantee company duly authorized to do business in Virginia and approved by the Governor, as security, conditioned upon the faithful discharge of his duties. The premium of such bonds shall be paid by the Commission and the bonds shall be filed with and preserved by the Comptroller of the Commonwealth of Virginia.

(8) The members of the Commission shall receive no salary but shall be entitled to expenses and the per diem

pay allowed members of the State Highway Commission for each day spent on their official duties.

C. Officers of Commission.

(1) Within thirty (30) days after the appointment of the original members of the Commission, the Commission shall meet on the call of any member and shall elect one of its members as Chairman and another as Vice-Chairman, each to serve for a term of one year or until his successor is elected and qualified.

(2) The Commission shall elect one of its members as Secretary and another as Treasurer, each to serve for a term of one year or until his successor is elected and qualified.

(3) All officers shall be eligible for re-election.

D. Meetings.

(1) Regular meetings of the Commission shall be held at least once every month at such time and place as the Commission shall from time to time prescribe. Regular meetings may be held more often in the discretion of the Commission as the proper performance of the Commission's duties requires.

(2) Special meetings of the Commission shall be held upon mailed notice, or actual notice otherwise given, to each member of the Commission upon call of the Chairman or any two members of the Commission, at such time and in such place within the District as such notice may specify, or at such other time and place with or without notice as all the members of the Commission may expressly approve.

(3) All regular and special meetings of the Commission shall be open to the public, but the public shall not be entitled to any other or different notice than provided herein. Unless a meeting is called for the purpose of a public hearing, members of the public shall have no right to be heard or otherwise participate in the proceedings of the meeting, except to the extent the Chairman may in specific instances grant such right of participation. The proceedings of the Commission shall be subject to the provisions of the Virginia Freedom of Information Act, §§2.1-340 et seq. of the Code of Virginia (1950), as amended.

(4) A majority of the Commission, which majority shall include at least one Commissioner from a majority of the member jurisdictions, shall constitute a quorum. The

Chairman of the State Highway Commission or his designee may be included for the purposes of constituting a quorum.

(5) Each Commission member including the VDH&T representative shall be entitled to one vote in all matters requiring action by the Commission. It shall require a majority vote of the Commission members present and voting and a majority of the jurisdictions represented, to act. For purposes of determining the number of jurisdictions present, VDH&T shall not be counted as a separate jurisdiction.

E. Accounts, Records and Funds.

(1) The Commission shall keep and preserve complete and accurate accounts and records of all monies received and disbursed by it and of all of its business and operations and of all property and funds owned or managed by it or under its control, and shall prepare and transmit to the Governor and to the governing body of each member jurisdiction, annually and at such other times as the Governor shall require, complete and accurate reports as to the state and content of such accounts and records, together with such information with respect thereto as the Governor may require.

(2) All monies of a Commission, whether derived from any contract of the Commission or from any other source, shall be collected, received, held, secured and disbursed in accordance with any contract of the Commission relating thereto.

(3) All monies shall be deposited by the Commission in bank accounts, appropriately designated, in such banks or trust companies as may be designated by the Commission.

(4) The Commission may invest any funds in its possession in accordance with Chapter 18 of Title 2.1 of the Virginia Code.

Section 4. Powers and Functions of Commission.

(1) The Commission shall have those powers set forth in §15.1-1342 et seq. of the Code of Virginia, the Transportation District Act of 1964, as it may be amended.

(2) In accordance with §15.1-1357(b)6 of the Transportation District Act of 1964, the Commission shall have the powers set forth in §15.1-1357(a) and may acquire land or any interest therein by purchase, lease, gift, condemnation or otherwise and provide parking facilities thereon for use in connection with any transportation service.

Section 5. Planning Process and Procedures, Adoption of Interim Transportation Plan for Commuter Rail and Other Matters.

(1) The Commission shall prepare a long-term transportation plan for the Transportation District, and shall from time to time revise and amend said plan.

(2) It is understood by the jurisdictions forming this District that the principal initial purposes for the creation of this District are the effective implementation of a pilot commuter rail project, and the collection and distribution of the revenues from the 2% motor vehicle fuel sales tax to be levied in accordance with §§58.1-1719 et seq. of the Virginia Code within the boundaries of the District. Therefore, in order that the District may begin operation immediately upon formation, to implement the foregoing purposes and prior to completion of a long-range transportation plan, the Commission is hereby directed immediately upon formation to adopt an Interim Transportation Plan for the District, to consist generally of the R. L. Banks Commuter Rail Study, performed for the Northern Virginia Transportation District, and shall provide that its initial purpose shall be for the provision of a pilot commuter rail project, either in conjunction with, or separately from, the Northern Virginia Transportation Commission, and its several member jurisdictions.

In addition, each constituent jurisdiction may also propose, as an element of the Interim Transportation Plan, any mass transit component of general interest to it and or others. It is understood that the District shall pursue the development and adoption of a long term transportation plan, and shall report thereon to the governing bodies of the founding jurisdictions within twelve months of the formation of this District. Among the purposes and projects which are to be considered by the District in accordance with this section shall be development of bus service to and from the City of Manassas and Prince William County to the Vienna Metro Station, the development and implementation of commuter parking lots, airports and air parks, a commuter bus system within and through some or all of the member jurisdictions, linking them with other areas in Virginia and the District of Columbia, and the investigation of major transportation issues such as the location of an outer beltway and a Potomac River bridge crossing.

(3) Nothing contained in this section shall be deemed or construed to prohibit the Commission from adopting other interim transportation plans, projects, or agreements

authorized by the Transportation District Act, in addition to a commuter rail project or other projects identified herein, as the Commission shall determine to be in the best interests of its component jurisdictions, and as shall be consonant with its financial capabilities.

(4) In adopting its transportation plan, the Commission shall adhere to the planning process set forth in §15.1-1365 of the Transportation District Act of 1964, and shall conform to the procedures set forth in §15.1-1366 of that Act, as well as such additional procedures the Commission may prescribe.

Section 6. Budget, Expenses and Distribution of Commission Revenues and Other Income.

A. Immediately upon formation of the District, and annually thereafter, the Commission shall submit to the governing bodies of the component jurisdictions a budget for its administrative expenses anticipated for the next ensuing fiscal year (from July 1st to June 30th of each year) not to include any funds for construction or acquisition of transportation facilities and or the performance of any transportation service authorized by law and agreement. The component jurisdictions hereby agree to fund from such revenue sources as they shall each determine, the administrative expenses set forth in such budget, in accordance with the provisions of this section.

B. The Commission further shall annually submit to the governing bodies of the component jurisdictions a budget of its other expenses and obligations for the ensuing fiscal year and such expenses and obligations shall be borne by the component counties and cities in accordance with contractual arrangements made therefor.

C. (1) Until such time as the Commission is receiving revenues from the motor vehicle fuel sales tax, or any other source independent of the component jurisdictions adequate to meet the administrative expenses of the Commission those administrative expenses shall be allocated among the component governments on the basis of population as reflected by the most recent population statistics of the United States Bureau of the Census, and each jurisdiction shall pay in the proportion that its population bears to the total population of the District; provided, however, that the Commission may make such allocation upon such other estimates of population prepared in a manner approved by the Commission, and by the governing bodies of the component jurisdictions.

(2) After, and to the extent that, revenues are received from the motor vehicle fuel sales tax, such expenses shall be deducted from each jurisdiction's allocation thereof, in the same proportion that such jurisdiction's allocated revenues therefrom bear to the total revenues generated thereby.

D. In the event that the Commission shall undertake, directly or indirectly, to construct, operate, and maintain any transportation facility authorized by law, not otherwise provided through the agency of and agreement with a component jurisdiction, the costs of such facility shall be borne by the component jurisdictions in accordance with a specific agreement for the purpose of funding such facility, and not otherwise. This section shall not apply to the collection and distribution of any motor vehicle fuel sales tax, which shall be subject to paragraph E of this section.

E. Fuel sales tax revenues distributed monthly to the Commission by the Department of Taxation, shall be used and distributed by the Commission only in the following manner:

(1) The Commission shall place the receipts from such tax into a separate account for each member jurisdiction, equal to the amount of such tax generated within such jurisdiction.

(2) The Commission shall first withdraw from each such account each jurisdiction's agreed share of the administrative costs of the Commission, on a monthly or quarterly basis, as the Commission shall deem appropriate, as provided elsewhere in this section.

(3) The remainder of the revenues collected from such tax shall be expended by the Commission only for such mass transportation projects originating or operating within the jurisdiction generating such revenues, as may be identified in a District Transportation Plan, either interim or long range, and as may be agreed to by the governing body of such jurisdiction, and such distributions shall be deemed to be for mass transportation projects of the District itself. Distributions hereunder may specifically be made to those jurisdictions which are operating mass transportation projects identified in a District Plan, and which projects or facilities are owned and operated by the jurisdictions or their agents, and not by the District itself, including commuter rail. The component jurisdictions may enter other specific agreements with the Commission for the ownership, construction, maintenance, management, or other operation of any such project or facility, and may require that its allocated share of revenues hereunder, or any

part of them, be attributed to such agreement, or may enter agreements for the provision of any transportation facility which may be made part of a District Transportation Plan.

(4) Notwithstanding any other provision of this section, any jurisdiction not presently a signatory to the Metro Compact, or a member of the Northern Virginia Transportation District, which shall either join said District, or shall enter an agreement with the District for the provision of or subsidization of metrorail services to residents of such jurisdiction, may require that any sums in its tax revenue account as previously provided for, which it is required to pay under such agreement be distributed to it by this Commission, and may apply those sums to the purposes of any agreement for such metrorail services.

(5) Other revenues generated by transportation facilities operated by the District shall be accounted for separately as the Commission may determine, and shall be expended for operation, maintenance, and capital replacement or improvement of District facilities.

Section 7. Bonds and Other Obligations.

The Commission may issue bonds or other interest-bearing obligations as provided for in §15.1-1358.2 of the Transportation District Act of 1964, as such may be amended.

Section 8. Exemption From Taxation.

The District shall be exempt from taxation as provided for in §15.1-1370 of the Code of Virginia (1950), as amended.

Section 9. Liability for Torts.

The District shall be liable for torts only as provided in §15.1-1371 of the Code of Virginia (1950), as amended.

Section 10. Enlargement of Transportation District.

The territory embraced within the transportation District may be enlarged in accordance with the procedure set forth in §15.1-1367 of the Code of Virginia (1950), as amended.

Section 11. Withdrawal from Transportation District.

A county or city may withdraw from the transportation District as provided for in §§15.1-1368 and 1369 of the Code of Virginia (1950), as amended.

Section 12. Effective date of this Ordinance.

This ordinance shall become effective upon the date that the last of the original member jurisdictions of this District shall have read the certification of the Secretary of the Commonwealth into its minutes, in accordance with the requirements of the Transportation District Act for the formation of Transportation Districts.

A13:72

Adopted ~~November 6, 1986~~
Amended ~~June 2, 1988~~
Amended ~~February 1, 1990~~
Amended ~~June 7, 2001~~
Amended ~~March 7, 2002~~
Amended July 1, 2004

BYLAWS
OF
POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION

ARTICLE 1

POWERS AND DUTIES

The Potomac and Rappahannock Transportation District Commission ("Commission") shall have all the rights, powers and duties, and shall be subject to the limitations and restrictions, set forth in Chapter 45 of Title 15.2 of the Code of Virginia, the Transportation District Act of 1964, as may be amended from time to time.

ARTICLE II

MEMBERSHIP

1. **Commissioners.** The Commission shall consist of members representing "member jurisdictions" and members representing other entities as provided for in the Transportation District Act and as described below. "Member jurisdiction" members shall be as follows: six (6) members appointed by Prince William County; two (2) members appointed by Stafford County; one (1) member appointed by the City of Manassas; one (1) member appointed by the City of Manassas Park; and one (1) member appointed by the City of Fredericksburg, who shall each serve at the pleasure of their respective governing body. In addition to "member jurisdiction" members, the Commission shall have other members as follows: The Chairman of the Commonwealth Transportation Board, or his designee, shall be a member, ex officio. Two (2) members of the House of Delegates, appointed by the Speaker of the House, and one (1) member of the Senate, appointed by the Senate Committee on Rules, shall also be members of the Commission and shall serve coincident with their terms of office. The foregoing Commissioners shall constitute the "regular members" of the Commission.

2. **Alternate Commissioners.** Each member jurisdiction may appoint alternate members who shall be able to exercise all of the powers and duties of a regular Commission member when a regular "member jurisdiction" member from the appointing member jurisdiction is absent from Commission meetings. The number of Alternate members shall be at the discretion of each individual member jurisdiction, but the votes cast by each jurisdiction shall not exceed the number of regular members to which the member jurisdiction is entitled as set forth in paragraph 1 of this Article. The Chairman of the Commonwealth Transportation Board (CTB) may also appoint an alternate member who shall have the authority to exercise the powers and duties of the CTB member when he is absent from a meeting of the Commission. Alternate Commissioners may serve on committees of the Commission as any other Commissioner would. Alternate Commissioners serve at the pleasure of their respective governing body.

3. **Committees.** The Commission may establish standing and ad hoc committees as it deems appropriate consisting of Potomac and Rappahannock Transportation Commission Commissioners or Alternates.

ARTICLE III

OFFICERS, VIRGINIA RAILWAY EXPRESS (VRE) OPERATIONS BOARD MEMBERS, AND DUTIES

1. **Officers.** The officers of the Commission shall be elected annually and shall consist of a Chairman, a Vice Chairman, a Secretary, a Treasurer, Immediate Past Chairman, and such officers at large and subordinate officers as may from time to time be elected or appointed by the Commission. At least one (1) regular member from each member jurisdiction shall be elected or appointed as an officer each year. The offices shall be held only by members of the Commission (not alternate members), and the offices of Chairman and Vice Chairman shall not be held at the same time by members representing the same member jurisdiction. An Executive Board of the Commission shall be established consisting of all the officers of the Commission.

2. **VRE Operations Board Members.** In accordance with the VRE Operations Board Bylaws, the Commission shall elect annually three (3) members of the Commission to serve as members of the VRE Operations Board and as many additional members or alternate members of the Commission as the Commission sees fit to serve as alternate members of the VRE Operations Board.

3. **Terms of Office.** Each of the officers and all the VRE Operations Board members and alternates shall be elected at the December annual meeting of the Commission, to serve for a term of one (1) year, unless sooner removed by the Commission, or until his successor is elected and qualified. All officers, VRE Operations Board members, and VRE Operations Board alternates shall be eligible for re-election. Any vacancy occurring in an office or a VRE Operations Board appointment will be filled for the unexpired term by the Commission at the next regular monthly meeting following the occurrence of such vacancy.

If the vacancy occurs in the office of the Secretary or Treasurer, an acting officer shall be appointed by the Chairman pending such election.

4. **Election.** At the regular monthly meeting preceding the December annual meeting at which the election of officers, VRE Operations Board members, and VRE Operations Board alternate members will be held, the Chairman shall appoint a Nominating Committee, consisting of one member from each member jurisdiction. The Nominating Committee shall invite nominations prior to the December annual meeting, and shall propose a slate of officers and VRE Operations Board members and alternate members for the Commission's consideration in time for incorporation in the Commission agenda mailed out prior to the annual meeting. Further nominations may be made by any members at the annual meeting.

5. **Chairman.** The Chairman shall preside over all meetings of the Commission at which he is present, and shall vote as any other member. He shall be responsible for the implementation of the policies established and the actions taken by the Commission; shall have all of the powers and duties customarily pertaining to the office of Chairman of the Board, and shall perform such other duties as may from time to time be assigned to him by the Commission.

6. **Vice Chairman.** In the event of the death or absence of the Chairman, or of his inability to perform any of the duties of his office or to exercise any of his powers, the Vice Chairman shall perform such duties and possess such powers as are conferred on the Chairman, and shall perform such other duties as may from time to time be assigned to him by the Chairman or by the Commission.

7. **Secretary.** The Secretary shall be the custodian of the records and the seal of the Commission, and shall affix the seal to official documents when it is required. He shall keep a book or record containing the names and places of residence of all members of the Commission, as well as their dates of appointment and qualification as members of the Commission. He shall perform all of the duties generally incident to the office of Secretary, and such other duties as may from time to time be assigned to him by the Chairman or by the Commission.

8. **Treasurer.** The Treasurer shall have the care and custody of and be responsible for all funds of the Commission, and shall deposit such funds in the name of the Commission in such banks or trust companies as the Commission may designate. He shall render a report of the condition of the finances of the Commission at each regular meeting of the Commission and at such other times as may be required, including reports to the Governor and member jurisdictions as required by law, and he shall make a full financial report at the annual meeting of the Commission. He shall perform all duties generally incident to the office of Treasurer, and such other duties as may from time to time be assigned to him by the Chairman or by the Commission.

ARTICLE IV

MEETINGS

1. **Regular Meetings.** The Commission shall adopt a schedule of the times, dates, and places of its regular meetings, for the ensuing calendar year at its December annual meeting. Regular meetings normally shall be held on the first Thursday of each month, except legal holidays, and shall begin at 7:3000 p.m., and may be reconvened at any convenient time. When the first Thursday of a month falls on a legal holiday, the regular meeting for that month shall normally be held on the next regular business day, unless the Commission sees fit to change this as provided for in the next sub-section of this Article of the Bylaws. The Commission shall identify in its adopted meeting schedule the location of each of its regular meetings for the year.

2. **Changing Meetings.** The Commission may change the date, time, or place of any regular meeting when deemed necessary by the Commission. The Commission may schedule such additional meetings as it deems necessary. A change of a regular meeting or the scheduling of an additional meeting may be accomplished by adoption of a resolution done at a regular or special meeting, which is provided for later in this Article of the Bylaws. The Clerk shall cause a notice of such resolution to be inserted in newspaper or newspapers of general circulation in the District once a week for two successive weeks prior to the first such meeting at such other day, time, or place, in the manner provided herein for advertisements.

3. **Special Meetings.** Special meetings shall be held when requested by either the Chairman or at least two other Commission members, not of the same jurisdiction. Such request shall be in writing, addressed to the Executive Director, and shall specify the time and place of meeting and the matters to be considered at the meeting. Upon receipt of such request, the Executive Director shall immediately notify each member of the Commission to attend the special meeting at the time and place mentioned in the request. Such notice shall specify the matters to be considered at the meeting, and shall be sent by First Class mail or hand-delivered prior to the day of the special meeting. No matter not specified in the notice shall be considered at such meeting, unless all the regular members of the Commission are present. The Executive Director may have such notices served by the Sheriff, in lieu of the use of mail, if deemed necessary. Notice of the special meeting shall be given to the public contemporaneously with the notice provided to the members of the Commission. Quorum requirements for special meetings shall be the same as for regular meetings as described herein.

4. **Adjourned Meetings.** Any regular or special meeting may be adjourned to a date and time certain prior to the next regular meeting of the Commission.

5. **Public Hearing.** Public hearings shall be held after adoption of a resolution directing the Clerk to give notice thereof, advertising the public hearing and the issues to be considered once a week for two successive weeks prior to the public hearing in a newspaper or newspapers having general circulation in the District.

(a) **Adoption of Transportation Plan** – Before a transportation plan is adopted, altered, revised or amended, the Commission shall hold a public hearing upon thirty days' notice, published once a week for two successive weeks in a newspaper having general circulation in the District.

(b) **Adoption of Budget** – Before annual budget is adopted, the Commission shall hold a public hearing with notice thereof published once a week for two successive weeks in a newspaper or newspapers having general circulation in the District.

6. **Open Meetings.** All Commission meetings shall be open to the public, provided that the Commission may meet in closed session for those purposes authorized by the Virginia Freedom of Information Act. No meeting shall become a closed meeting unless there shall have been recorded in open session an affirmative vote to that effect, which motion shall state specifically the purpose or purposes of the closed meeting. No resolution or motion adopted, passed or agreed to in a closed meeting shall become effective unless the Commission, following such meeting, reconvenes in open meeting and takes a vote on such resolution or motion.

7. **Advertisements.** When advertisement is required for the purpose of providing public notice, adequate notice shall be deemed to have been provided if the matter is advertised in the Potomac News, the Journal Messenger, and the Free Lance Star. Such list shall be amended upon enlargement of or withdrawal from the District by a jurisdiction.

8. **Quorum.** A majority of the Commission, which majority shall include at least one Commissioner from a majority of the member jurisdictions, shall constitute a quorum. The Chairman of the Commonwealth Transportation Board, or his designee, may be included for purposes of constituting a quorum. Members appointed by the House of Delegates and by the Senate shall not be counted for the purposes of determining a quorum when the General Assembly is in session.

9. **Required Absence.** No action shall be taken by the commission unless a quorum is present, provided, however, that the temporary absence from the meeting room of members sufficient to constitute a quorum shall not be deemed to prevent the hearing of presentations or the discussion of matters submitted to the Commission. The presiding officer, the Clerk, or any other Commission member, shall suggest the absence of a quorum prior to the taking of any action by the Commission, but a failure to suggest the absence of a quorum shall not be deemed to alter the effect of this rule requiring a quorum as a prerequisite to any action.

10. **Actions.** The Commission shall act in one of the following ways:

(a) **Resolution** – The Commission may act upon adoption of a resolution, with or without prior notice. Resolutions shall be in writing whenever possible, and a copy shall be delivered to all members of the Commission before the resolution is proposed for adoption. A proposed resolution may be amended or modified at the meeting it is being considered for adoption.

(b) **Motion** – If action is required on matters simply stated, the Commission may act on oral motion only.

(c) **Unanimous Consent** – If no formal action is required and no objection is heard, a request of a member shall be deemed a request of the Commission without further action, provided that such request is made at a meeting with a quorum present, and further provided that the Chairman states that such request shall be deemed to be a request of the Commission.

11. **Voting.**

(a) **Votes** – Votes shall be taken only upon motions made and seconded. Each member of the Commission, shall be entitled to one (1) vote in all matters requiring action by the Commission. It shall require a majority vote of the Commission members and a majority of the jurisdictions represented, to act. For purposes of determining the number of jurisdictions present, the Commonwealth Transportation Board shall not be counted as a separate jurisdiction. Notwithstanding the provisions of § 2.2-3708, members of the General Assembly may participate in meetings of the Commission through electronic communications while the General Assembly is in session.

(b) **Methods of Voting** – All voting shall be taken by voice vote, and votes shall be cast by voice or by electrical equipment permitting push-button voting from each member's seat. The Clerk shall record the name of the maker of the motion, the name of the second to the motion and the vote of the members present, including yeas, nays and abstentions.

(c) **Restating the Question** – The Chairman shall restate the question or ask the Clerk to restate the question prior to the taking of a vote, providing, however, that at the request of the Chairman, a Commission member may restate the question if it is the option of the Chair that such procedures will expedite the decision of the question.

(d) **Tie Votes** – In the event of a tie vote, the matter under consideration shall be deemed defeated.

(e) **Reconsideration** – Action on a resolution or motion may be reconsidered only upon motion of a member voting with the prevailing side on the original vote, which motion must be made at the same or immediately subsequent regular meeting. A

motion to reconsider may be seconded by any member. Any such matter defeated by a tie vote may be reconsidered upon motion by any Commission member having voted to defeat the matter at the same or the next regularly scheduled meeting.

Action upon reconsideration of a question shall be taken only following notice as required by law and at least as much notice as was given prior to the original action, unless such action upon reconsideration is taken at the same meeting as the original action.

12. Commencement of Meetings.

At the times specified in Article IV, Section I of these Rules for the commencement of regular meetings, and at the hour specified for adjourned or special meetings, the presiding officer shall call the meeting to order, and direct the Clerk to note the presence or absence of Board members. A quorum shall be required for the commencement of any meeting.

13. Agenda.

The Chairman, with the Executive Director's and the Clerk's assistance, shall prepare an agenda for each meeting. Any member having matters to be considered by the Commission shall submit them to the Chairman for inclusion on an appropriate agenda. At each meeting of the Commission, the meeting Agenda shall be subject to approval by a majority vote of the Commission, taken after a vote on the minutes of the previous meeting. Prior to approval of the Agenda, items may be added to or deleted from the Agenda by majority vote of the Commission.

14. Citizens' Time.

Except as otherwise specified herein, the Commission shall set aside not more than twenty (20) minutes as Citizens' Time at the beginning of each meeting, during which time it will receive comment from any citizen on any non-agenda item, without restriction, provided that the Chairman may prohibit or proscribe further that no individual citizen shall be permitted to address the Commission for more than five (5) minutes. In the event that more than four speakers wish to be heard at Citizens' Time, the Chairman shall allocate the aforesaid twenty (20) minutes among those speakers in an equitable manner. Citizens' Time may be extended by majority vote of the Commission.

15. Agenda Order.

Order on the agenda shall be established by the Chairman taking into account probable public interest and the need for staff or other presentations. Insofar as is practicable, agenda order shall maximize convenience to the public and minimize any adverse impact on performance of normal staff functions.

16. Minutes.

The Clerk shall keep minutes of the meetings of the Commission, which minutes shall be a public record, and shall also maintain one recording, by means of electronic device, of the proceedings at any Commission meeting, except closed sessions. The Clerk shall mail copies of the minutes to each regular and alternate member of the Commission, prior to the next succeeding meeting. One copy of the minutes of the recorded proceedings shall be made available by the Clerk to any person requesting same, with a fee to be paid to the Commission for the cost of producing such copy. Duplicate tapes will be made, provided a blank tape is presented or a fee paid for the duplicate. All copies shall be made by the Commission to fulfill requests by citizens. Regular and alternate members of the Commission, shall be provided a copy of the taped minutes free of charge upon request.

17. Closed Meetings.

Each agenda shall specify a time at each meeting, generally after all public business shall have been concluded, for closed meetings properly called and conducted in accordance with §2.2-3712 of the Code of Virginia, as amended. When so requested, the Chairman may permit a closed meeting at any other time prior to consideration to any agenda item.

18. Order in Conduct of Business.

(a) **Persons Addressing the Commission** – Persons addressing the Commission on Agenda matters shall limit their presentations to the time allotted by the Chairman, unless the Commission extends such time by majority vote of the Commission. The Chairman, in allotting such time, shall take into account the complexity of the matter, its importance in relation to other business of the Commission, and the time available during the Commission meeting. At the discretion of the Chairman, the conduct of business by the Commission may be reordered to allow earlier consideration of matters about which a substantial number of persons desire to address the Commission. Insofar as is practicable, persons addressing the Commission shall furnish the Clerk and members of the Commission with a written copy of their remarks, at or before the meeting.

(b) **Recognition** – Recognition shall be given only by the presiding officer. No person shall address the Commission without first having been recognized. When all public testimony has concluded, and the Commission is considering and discussing the matter, no person shall thereafter be recognized to address the Commission.

(c) **Cumulative and Repetitive Testimony** – Testimony that is cumulative or repetitive shall not be permitted on any matter. Persons of the same position as a previous speaker shall simply state their names and the positions with which they agree.

(d) **Questions** – Questions by members of the Commission shall be reserved insofar as possible for the end of a presentation to avoid interrupting the speaker, disrupting the time-keeping process, and duplicating ground the speaker may cover.

(e) **Commission Discussion** – Discussion and debate by the Commission shall be conducted following the presentation of testimony on the item of business pending. Members shall not speak to the item until recognized by the Chair. A member who has spoken to the item shall not again be recognized until other members desiring to speak shall have had an opportunity to speak. Alternate members may participate in discussion at the discretion of the Chairman.

19. **Decorum.**

(a) **Commission Members** – Decorum of Commission members shall be maintained in order to expedite disposition of the business before the Commission. Questions and remarks shall be limited to those relevant to the pending business. Members shall address all remarks to the presiding officer.

(b) **Others** – Decorum of persons other than members shall be maintained by the Chair, who may request such assistance as may appear necessary. Persons addressing the Commission shall limit their remarks to those relevant to the pending items, and to answering questions. They shall address the Commission as a whole, unless answering an individual member's questions. The presiding officer shall call the speaker to order; if out-of-order remarks, or other undecorous conduct persists, the presiding officer shall order the speaker from the lectern. The order with gavel, if not heeded, will then cause a law enforcement officer to carry out the order.

Persons whose allotted time to speak has expired shall be warned by the presiding officer to conclude in one minute, after which such person shall leave the lectern, unless he or she is asked to remain to answer questions from the Commission. No persons in attendance shall be allowed to present remarks to the Commission except as recognized by the presiding officer and after audibly stating their name and whom they represent. Groups in the audience creating an atmosphere detrimental or disturbing to the conduct of the meeting will be asked to leave by the presiding officer.

ARTICLE V

ADMINISTRATION

1. **Staff.** The Commission may employ a staff of qualified professional and other persons, including a Clerk, and pay them such compensation as it deems necessary and advisable to carry out its duties and to implement its projects, programs and other functions.

2. **Executive Director.** The Chief Executive Officer of the staff shall be the Executive Director who shall have direct supervision of all of the employees of the Commission. He shall have direct control, subject to the authority of the Commission, of the management of the affairs of the Commission. He shall propose activities to the Commission and shall carry out policies, programs and projects approved by the Commission to improve transportation services in the Transportation District. He shall provide liaison between the Commission and federal, state and local organizations. He shall be responsible for preparing and presenting the annual budget.

3. **Execution of Instruments.** The Executive Director, on specific authorization by the Commission, shall have the power to sign on its behalf any agreement or other instrument to be executed by the Commission. He may sign or countersign checks and vouchers in payment of obligations of the Commission.

ARTICLE VI

FINANCES

1. **Finances and Payments.** The monies of the Commission shall be deposited in a separate bank account or accounts in such banks or trust companies as the Commission designates, and all payments (with the exception of those petty cash) shall, so far as practicable, be made by checks. Checks and drafts shall be signed in the name of the Commission by the Executive Director or designees as authorized from time to time by the Commission.

2. **Audits.** At least once each year, the Commission shall cause an audit to be made by an independent certified public accountant of the general funds of the Commission and any special project funds which are not audited by the federal or state government or by other independent accountants.

3. **Bonds.** The Commission, through its treasurer, shall cause fidelity bonds, in such amounts as it deems adequate, to be secured covering each Commission member as required by law, as well as each of its employees who receive or disburse its funds.

4. **Fiscal Year.** The fiscal year of the Commission will commence on July 1 each year and will terminate on the following June 30.

5. **Compensation and expenses of Members and Alternates.** Commission members and Alternates shall receive no salary but shall be entitled to reimbursement of all reasonable and necessary expenses and compensation allowed members of the Commonwealth Transportation Board for performance of their official duties as provided in §§ 2.2-2813 and 2.2-2825. Payments as required shall be made upon receipt of invoices for such reimbursement and compensation.

ARTICLE VII

AMENDMENTS

Any proposed amendment, repeal or alteration, in whole or in part, of these Bylaws shall be presented in writing and read for a first time at a regular meeting of the Commission. Such proposal may be considered and amended at such meeting, but shall not be acted on by the Commission until a subsequent regular meeting or a special meeting called for the purpose. At such subsequent meeting, such proposal shall be read a second time, shall be subject to further consideration and amendment germane to the section or sections affected by such proposal, and shall thereafter be acted on.

ARTICLE VIII

PROCEDURES

Parliamentary Procedure. In all matters of parliamentary procedure not specifically governed by these Bylaws, Roberts' Rules of Order (1970), as amended, shall apply.



Potomac and Rappahannock
Transportation Commission

RESOLUTION

MOTION: GIBBONS

RESOLUTION NO. 05-05-06

SECOND: CADDIGAN

**OFFICIAL COMMISSION MEETING
MAY 5, 2005**

**RE: AUTHORIZATION TO AWARD A CONTRACT FOR THE FINANCING
OF NEW TWO-LEVEL PASSENGER RAILCARS**

WHEREAS, Northern Virginia Transportation District Commission ("NVTC") and Potomac and Rappahannock Transportation District Commission ("PRTC," and, together with NVTC, the "Commissions"), joint owners and operators of the Virginia Railway Express ("VRE"), a commuter rail service serving Northern Virginia and the District of Columbia, have decided to jointly enter into a tax-exempt lease financing transaction in order to finance the leasing of railcars for the operation of VRE's commuter rail services (the "Equipment") in accordance with the terms and conditions set forth in VRE Invitation for Bids #05-009 (the "IFB") and the response thereto (the "Bid") of BTM Capital Corporation ("BTM"), copies of which have been provided to the Commissions; and

WHEREAS, PRTC desires to authorize the lease financing of the Equipment as described above (and as further described below) in furtherance of the purposes for which PRTC was formed; and

WHEREAS, the VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED that by the Potomac and Rappahannock Transportation Commission, as follows:

1. The lease financing of the Equipment from BTM, upon the terms and conditions set forth in the IFB and the Bid, with such changes thereto as may be approved in writing by the Chairman, Vice Chairman or Executive Director of PRTC, including, without limitation, the substitution of another responding bidder for BTM if the Commissions and BTM are not able to come to final agreement as to terms, is hereby authorized.

POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION
OFFICIAL COMMISSION MEETING
RESOLUTION 05-05-06
PAGE 2

2. The Chairman, Vice Chairman or Executive Director of PRTC is authorized to determine and approve the final details of the lease financing, including, without limitation, the aggregate principal amount of the lease financing, the interest rates on the lease financing, the dates (including payment dates) of the lease financing documents, the appointment of the escrow agent and the servicer, if any, for the lease financing, and the amounts and prices of any optional or mandatory prepayments, provided, however, that the aggregate principal amount of the lease financing shall not exceed \$25,100,000, its term shall not exceed 21 years and its annual rate of interest shall not exceed 6.0%. The approval of the Chairman, Vice Chairman or Executive Director of PRTC of such details shall be conclusively evidenced by the execution and delivery of a Master Lease Agreement for the lease financing, which Master Lease Agreement shall be prepared by VRE's bond counsel and reviewed by its general counsel.

3. The Chairman, Vice Chairman or Executive Director of PRTC is authorized to approve, execute and deliver on behalf of PRTC, and, if required, the Secretary or any Assistant Secretary of PRTC is authorized to affix and attest the seal of PRTC to, the Master Lease Agreement described above and such other documents, instruments or certificates as they deem necessary or appropriate, in consultation with VRE's bond counsel and general counsel, to carry out the lease financing transaction authorized by this resolution. The approval of the Chairman, Vice Chairman or Executive Director of PRTC shall be conclusively evidenced by the execution and delivery of such documents, instruments or certificates. Such officers of PRTC and the Executive Director are further authorized to do and perform such other things and acts as they deem necessary or appropriate, in consultation with VRE's bond counsel and general counsel, to carry out the lease financing transaction authorized by this resolution. All of the foregoing previously approved, executed, delivered, done or performed by such officers of PRTC are in all respects hereby approved, ratified and confirmed.

4. This resolution shall take effect immediately upon its adoption.

**POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION
OFFICIAL COMMISSION MEETING
RESOLUTION NO. 05-05-06
PAGE 3**

VOTES:

AYES: BADGER, BARG, CADDIGAN, GREENUP, GIBBONS,
LASCH, McQUIGG, PASH, PRELI, WREN

NAYS: NONE

ABSTAIN: NONE

ABSENT DURING VOTE: NOHE

MEMBERS PRESENT: BADGER, BARG, CADDIGAN, GREENUP,
GIBBONS, McQUIGG, NOHE, WREN

MEMBERS ABSENT: CAVALIER, COVINGTON, JENKINS,
LINGAMFELTER, PULLER, STIRRUP, WALDRON

ALTERNATES PRESENT: LASCH, LaMARCA, PASH, PRELI

ALTERNATES ABSENT: DAVIES, GLUFLING, HILL, HUGHES, PAINTER,
PARRISH, RODENBERG, RUTHERFORD,
SAMARASINGHE, SLATER, SNELLINGS,
STEWART, TURNER

****CERTIFIED COPY****

MAY 5, 2005


**ALFRED H. HARF
EXECUTIVE DIRECTOR**

3

MASTER LEASE AGREEMENT

between

BTM FUNDING CORPORATION,

as Lessor,

and

NORTHERN VIRGINIA TRANSPORTATION DISTRICT COMMISSION

and

POTOMAC AND RAPPAHANNOCK TRANSPORTATION DISTRICT COMMISSION

as Co-Lessees,

and

SUNTRUST BANK,

as Escrow Agent

Dated as of May 1, 2005

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MASTER LEASE AGREEMENT

Lessor: BTM FUNDING CORPORATION

Co-Lessees: NORTHERN VIRGINIA TRANSPORTATION
DISTRICT COMMISSION and
POTOMAC AND RAPPAHANNOCK TRANSPORTATION
DISTRICT COMMISSION

Escrow Agent: SUNTRUST BANK

THIS MASTER LEASE AGREEMENT dated as of May 1, 2005 (this "Master Lease"), between BTM Funding Corporation, a Massachusetts corporation, as Lessor (with its successors and assigns, the "Lessor"), and Northern Virginia Transportation District Commission ("NVTC"), a Virginia body corporate and politic, and Potomac and Rappahannock Transportation District Commission ("PRTC"), a Virginia body corporate and politic, as Co-Lessees (NVTC and PRTC and their successors and assigns being hereinafter referred to as the "Co-Lessees"), and SunTrust Bank, a Georgia banking corporation, as Escrow Agent (the "Escrow Agent").

WITNESSETH:

WHEREAS, the Co-Lessees jointly own and operate the Virginia Railway Express (the "VRE"), an unincorporated commuter rail service, and are authorized and empowered under the laws of the Commonwealth of Virginia to lease personal property; and

WHEREAS, the Co-Lessees jointly own and operate the VRE pursuant to the Master Agreement for Provision of Commuter Rail Services in Northern Virginia – Establishment of the Virginia Railway Express dated as of October 3, 1989, as amended (the "VRE Master Agreement"), among the Co-Lessees, Fairfax County, Virginia ("Fairfax"), the City of Fredericksburg, Virginia ("Fredericksburg"), the City of Manassas, Virginia ("Manassas"), the City of Manassas Park, Virginia ("Manassas Park"), Prince William County, Virginia ("Prince William"), Stafford County, Virginia ("Stafford," and, together with Fairfax, Fredericksburg, Manassas, Manassas Park, and Prince William, the "Participating Jurisdictions"), the City of Alexandria, Virginia ("Alexandria") and Arlington County, Virginia ("Arlington," and, together with Alexandria, the "Contributing Jurisdictions"); and

WHEREAS, the VRE Master Agreement, among other things, authorizes the Co-Lessees to finance rail passenger equipment for the VRE and, in Article III thereof, generally provides for the Participating Jurisdictions (but not the Contributing Jurisdictions), subject to annual appropriation therefor, to pay the debt service on such financings; and

WHEREAS, the parties hereto desire that the Co-Lessees from time to time lease from the Lessor Equipment (as hereinafter defined) to be identified by the Co-Lessees on the terms and conditions hereinafter set forth, which Equipment shall be specifically identified in the Schedule or Schedules (as hereinafter defined) attached hereto and made a part hereof; and

WHEREAS, in connection with the execution of each Schedule, the Lessor shall deposit with the Escrow Agent the amount specified in such Schedule and represented by the Co-Lessees to be sufficient to acquire the Equipment identified on such Schedule; and

WHEREAS, the Co-Lessees shall make Rental Payments (as hereinafter defined) and certain other payments directly to the Lessor for the possession and use of the Equipment; and

WHEREAS, THIS MASTER LEASE SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE COMMONWEALTH OF VIRGINIA (THE "STATE") OR OF ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE CO-LESSEES, OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR OF ANY OF ITS POLITICAL SUBDIVISIONS INCLUDING THE CO-LESSEES. THE MASTER LEASE DOES NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS TO LEVY ANY TAXES OR MAKE ANY APPROPRIATIONS FOR THEIR PAYMENT EXCEPT FROM THE FUNDS PLEDGED BY THE MASTER LEASE. THE CO-LESSEES HAVE NO TAXING POWER; and

WHEREAS, as security for the payment of all of the Co-Lessees' obligations under this Master Lease, the Co-Lessees are granting to the Lessor a first lien security interest in the Equipment.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged and in consideration of the premises contained in this Master Lease, the Lessor, the Co-Lessees and the Escrow Agent agree as follows:

ARTICLE I COVENANTS OF CO-LESSEES

The Co-Lessees represent, covenant and warrant for the benefit of the Lessor, as follows:

(a) The Co-Lessees are, and throughout the Lease Term shall continue to be, (i) bodies corporate and politic of the State; and (ii) authorized to lease, purchase and hold personal property.

(b) The Co-Lessees will do or cause to be done all things necessary to preserve and keep in full force and effect their existence and their status as governmental units within the meaning of Section 141 of the Code (as hereinafter defined).

(c) The Co-Lessees are authorized under the Constitution and laws of the State to enter into this Master Lease and the transactions contemplated hereby, and to perform all of their obligations hereunder.

(d) The Co-Lessees have been fully authorized to execute and deliver this Master Lease under the terms and provisions of resolutions of their governing bodies, or by other appropriate official approval, and further represent, covenant and warrant that all requirements have been met and consents obtained, and procedures have occurred in order to ensure the enforceability of this Master Lease and the Master Lease is enforceable against the Co-Lessees

(subject to provisions of bankruptcy, insolvency, reorganization, moratorium and similar laws and to equitable principles which may limit the specific enforcement of certain remedies), and the Co-Lessees have complied with such requirements as may be applicable to this Master Lease and the lease and acquisition by the Co-Lessees of the Equipment hereunder. The Co-Lessees shall cause to be executed and delivered in connection with each Schedule hereto an opinion of its counsel satisfactory to the Lessor.

(e) During the Lease Term, except as otherwise permitted by this Master Lease, the Equipment will be used by the Co-Lessees only for the purpose of performing services related to their status as governmental units within the meaning of Section 141 of the Code and consistent with the permissible scope of the Co-Lessees' authority.

(f) The Co-Lessees will use the Equipment only to perform essential governmental functions of the Co-Lessees.

(g) During the period this Master Lease is in force, the Co-Lessees will annually provide, no later than 180 days after the end of each fiscal year, to the Lessor, annual audited financial statements for the VRE for such fiscal year and current budgets for the VRE for the ensuing fiscal year and such other financial information relating to the ability of the Co-Lessees to continue performing hereunder as may be reasonably requested by the Lessor.

(h) There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of the Co-Lessees' knowledge, either threatened against or affecting the Co-Lessees that challenges the Co-Lessees' authority to enter into this Master Lease or any Schedule hereunder, or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of this Master Lease or any Schedule hereunder, or the exclusion of the interest component of the Rental Payments from gross income for federal income tax purposes under the Code, or would materially and adversely affect any of the transactions contemplated by this Master Lease or any Schedule hereunder.

(i) The Co-Lessees' obligations hereunder are pari passu with all other obligations of the Co-Lessees except that the Lessor has a priority interest in the Equipment, the holders of all Bonds (as such term is defined in the below-defined VRE Bond Indenture) issued and outstanding (or to be issued) under the Indenture of Trust dated as of January 1, 1990 between Central Fidelity Bank, as Trustee, and NVTC, as the same has been or may in the future be supplemented from time to time (collectively, the "VRE Bond Indenture"), have a priority interest in the trust estate described therein, the holders of PRTC's outstanding 1997 Transportation Lease Revenue Refunding Bonds (and any PRTC bonds to be issued to refund the same) have a priority interest in the trust estate securing such bonds, Newcourt Communications Finance Corporation has a priority interest in the VRE's fare collection system pursuant to a capital lease with the Co-Lessees, and SunTrust Bank has a priority interest in the VRE headquarters condominium pursuant to NVTC's June 24, 2002 Term Loan Note.

ARTICLE II DEFINITIONS

The following terms used herein will have the meanings indicated below unless the context clearly requires otherwise:

"Acquisition Costs" means with respect to any Schedule, (a) the contract price paid or to be paid to the Vendors for any portion of the Equipment upon the Co-Lessees' acceptance thereof and in accordance with the Purchase Agreement therefor plus (b) any taxes, shipping, installation and other related expenses, plus (c) the reasonable out-of-pocket costs and expenses of the Co-Lessees, the Lessor and the Escrow Agent, including engineering, consulting and other manufacture monitoring fees, the reasonable fees and expenses of legal counsel, financial advisor and appraisal fees incurred in connection with this Master Lease and the lease of the Equipment hereunder.

"Acquisition Escrow Fund" means the fund established and held by the Escrow Agent pursuant to Section 15.02 hereof, including therein a separate account for each Schedule to this Master Lease.

"Acquisition Period" means, with respect to any Schedule hereto, that period stated in such Schedule, commencing on the date of execution thereof and ending not later than three years later, during which the Lease Proceeds attributable to such Schedule may be expended on Acquisition Costs.

"Additional Rents" shall have the meaning set forth in Section 10.04.

"Authorized Officer" means: (a) in the case of the Lessor, the President, any Vice President or Assistant Vice President, and when used in reference to an act or document of the Lessor, also means any other person authorized to perform the act or sign the document; (b) in the case of the Co-Lessees, their respective Executive Directors and officers, and when used with reference to an act or document of the Co-Lessees, also means any other person authorized in writing by the Co-Lessees to perform the act or execute the document; and (c) in the case of the Escrow Agent, the President, any Vice President or Assistant Vice President, and when used in reference to an act or document of the Escrow Agent, also means any other person authorized to perform the act or sign the document.

"Certificate of Acceptance" means a Certificate of Acceptance, in substantially the form set forth as Exhibit D hereto, whereby the Co-Lessees acknowledge receipt in good condition of particular items of Equipment identified therein, confirms the date of delivery thereof and certain other matters and attaches the related invoice.

"Co-Lessees" means (a) Northern Virginia Transportation District Commission and Potomac and Rappahannock Transportation District Commission jointly acting as Co-Lessees under this Master Lease; (b) any surviving, resulting or transferee entity of the Co-Lessees; and (c) except where the context requires otherwise, any permitted assignee(s) of the Co-Lessees.

"Code" means the Internal Revenue Code of 1986, as amended, including all relevant regulations thereunder.

"Eligible Assignee" means: (i) a commercial bank organized under the laws of the United States, or any State thereof; (ii) a commercial bank organized under the laws of any other country that is a member of the OECD or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow, or a political subdivision of any such country, provided that such bank is acting through a branch or agency located in the United States; (iii) a finance company, insurance company or other financial institution or fund (whether a corporation, partnership or other entity) engaged generally in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business; or (iv) the central bank of any country that is a member of the OECD; provided, however, that any such entity shall also (x) have short-term credit ratings of A-1 or better by S&P or P-1 or better by Moody's (or an equivalent rating by another nationally recognized credit rating agency of similar standing if neither such corporation is in the business of rating unsecured indebtedness of entities engaged in such businesses) and (y) have combined capital and surplus (as established in its most recent report of condition to its primary regulator) of not less than \$25,000,000 (or its equivalent in foreign currency), or if such person or entity does not meet the requirements in clauses (x) and (y), such person or entity furnishes a guaranty of an affiliate, which affiliate meets the requirements of clauses (x) and (y), of such person's or entity's obligations under this Master Lease. Notwithstanding any of the foregoing to the contrary, the credit ratings requirements set forth in clause (x) shall be ineffective after the date that is 120 days after all Lease Proceeds have been released by the Escrow Agent and spent on Acquisition Costs.

"Equipment" means the fixed and moveable personal property to be used in connection with the Co-Lessees' operations identified in a Schedule executed by or pursuant to the authority of the Co-Lessees and the Lessor and identified as part of this Master Lease (including certain items originally purchased through internal advances of the Co-Lessees which are to be sold by the Co-Lessees to the Lessor and leased back pursuant to the terms of this Master Lease), together with all replacement parts, additions, repairs, accessions, and accessories incorporated therein and/or affixed to such personal property and replacements and substitutions therefor and proceeds thereof.

"Escrow Agent" means (a) SunTrust Bank, acting as Escrow Agent under this Master Lease; (b) any surviving, resulting or transferee entity of SunTrust Bank; and (c) except where the context requires otherwise, any assignee(s) of the Escrow Agent.

"Expense Fund" means the fund established and held by the Escrow Agent pursuant to Section 15.03 hereof.

"Government or Equivalent Obligations" means (a) obligations issued or guaranteed by the United States of America; and (b) certificates evidencing ownership of the right to the payment of the principal of and interest on obligations described in clause (a), provided that such obligations are held in the custody of a bank or trust company satisfactory to the Escrow Agent, in a special account separate from the general assets of such custodian.

"Lease" or "Master Lease" means, collectively, this Master Lease, including Exhibits A through C hereto and the applicable Schedule, as any of the same may be supplemented or amended from time to time in accordance with the terms hereof.

"Lease Proceeds" means, with respect to any Schedule, the total amount of money to be paid by the Lessor to the Escrow Agent for deposit and application in accordance with such Schedule and Section 15.01 hereof

"Lease Term" means, with respect to any Schedule, the term specified in such Schedule in accordance with Article IV hereof.

"Lease Year" means, with respect to any Schedule, each one-year period (or shorter period for the first or last year prior to the payment in full of such Schedule) ending on the principal payment date stated in such Schedule.

"Lessor" means (a) BTM Funding Corporation, acting as Lessor under this Master Lease; (b) any surviving, resulting or transferee corporation of the Lessor; and (c) except where the context requires otherwise, any assignee(s) of the Lessor.

"Make-Whole Amount" means the amount that the Lessor shall determine in good faith is in the excess, if any, of (i) the sum of (x) the remaining scheduled payments of principal and interest with respect to the amount of principal to be purchased or repaid in respect of the Lease (excluding therefrom for purposes of this calculation only any accrued interest and any past due payments of principal which relate to periods preceding the date of purchase or repayment) discounted with respect to each such scheduled payment to the date of prepayment or purchase at the rate of interest borne by United States Treasury securities having a maturity corresponding to the due date of such scheduled payment (or as close thereto as is practicable) plus 0.01%, plus (y) reasonable and customary brokerage costs (if any) and any reasonable and customary costs incurred in making an alternative investment (such reasonable and customary brokerage and other costs not to exceed 0.8% of the principal amount of the alternative investment) over (ii) the principal amount in respect of such Lease to be purchased or repaid (excluding therefrom for purposes of this calculation only any past due payments of principal that relate to periods preceding the date of such purchase or repayment); provided that the Make-Whole Amount may in no event be less than zero. The determination of the Make-Whole Amount by the Lessor as set forth above shall be final and conclusive absent manifest error.

"Permitted Liens" means any of the following: (i) the respective rights and interests of Co-Lessees, Escrow Agent and Lessor under this Master Lease, (ii) liens or encumbrances for taxes and assessments either not yet due and payable or being contested by Co-Lessees in good faith by appropriate proceedings, so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of any part of Equipment or any interest therein, (iii) materialmen's, mechanics', workmen's, repairmen's or other like liens or encumbrances the payment of which is either not yet delinquent or is being contested in good faith by appropriate proceedings, (iv) liens or encumbrances arising out of judgments or awards against Co-Lessees with respect to which at the time an appeal or proceeding for review is being diligently prosecuted in good faith so long as there shall have been secured a stay of execution pending such appeal or proceeding for review and (v) liens and encumbrances created by or arising, directly or indirectly, through Lessor.

"Project" means the Equipment.

"Purchase Agreements" means the Co-Lessees' purchase agreements with Vendors of the Equipment.

"Purchase Price" means the amount which the Co-Lessees may from time to time, in their discretion, pay or cause to be paid to the Lessor in order to purchase the Equipment, as provided in Article XI hereof, such amount being set forth in the Schedule relating to such Equipment.

"Rental Payments" means the basic rental payments (but excluding fees, indemnifications and reimbursements and other amounts payable to the Lessor hereunder and excluding amounts designated as Additional Rents under Section 10.04 hereof) payable by the Co-Lessees pursuant to the provisions of this Master Lease during the Lease Term as specifically set forth in applicable Schedules to this Master Lease. As provided in Article VI hereof, Rental Payments shall be payable by the Co-Lessees directly to the Lessor, in the amounts and at the times during the Lease Term as set forth in the applicable Schedule.

"Representative" means any Authorized Officer of the Co-Lessees.

"Schedule" means, with respect to the financing of the Equipment under this Master Lease, a Schedule of Leased Equipment and Rental Payments in substantially the same form set forth as Exhibit B, which has been executed by the Lessor and the Co-Lessees, reasonably identifies the Equipment subject to such Schedule, sets forth the Rental Payments and Purchase Price payable in respect thereof, and states the Lease Term applicable thereto and certain other matters. Schedules shall be numbered consecutively beginning with 1, and each Schedule shall be accompanied by: (a) the resolutions of the Co-Lessees authorizing the execution of such Schedule and related documents; (b) an opinion satisfactory to the Lessor of the Co-Lessees' bond counsel as to the exclusion from gross income of the interest component of the Rental Payments payable pursuant to such Schedule and other usual matters; (c) a No Arbitrage Certificate of the Co-Lessees; (d) an IRS Form 8038G; (e) an opinion satisfactory to the Lessor of counsel to the Co-Lessees regarding various matters which may include, but shall not necessarily be limited to, the perfection of the Lessor's security interest in the Equipment and the purchase documentation; (f) certificates of insurance demonstrating compliance with the insurance provisions of Article VIII with respect to the Equipment financed by the Schedule; (g) collateral assignment of the Equipment purchase documentation, including any manufacturer-provided bonds (which collateral assignment may be accomplished by dual obligee rider) or letter of credit; and (h) appropriate filings with the United States Surface Transportation Board and/or such UCC financing statements as may be required to perfect the Lessor's security interest in the Equipment to be leased pursuant to such Schedule. Each Schedule in combination with this Master Lease shall constitute a fully integrated transaction existing in accordance with its own terms and conditions separate from and independent of all other transactions under this Master Lease.

"State" means the Commonwealth of Virginia.

"UCC" means the Uniform Commercial Code as in effect in the Commonwealth of Virginia.

"Vendor" means the manufacturer of an item of Equipment, as well as the agents or dealers of the manufacturer, from whom the Lessor has purchased or is purchasing items of Equipment.

ARTICLE III LEASE OF EQUIPMENT

Section 3.01 Acquisition of Equipment. (a) The Co-Lessees either have ordered on behalf of the Lessor or shall order the Equipment (i) pursuant to a Schedule executed according to the provisions of this Master Lease, and (ii) pursuant to one or more Purchase Agreements from one or more Vendors. The Co-Lessees shall remain liable to the Vendor in respect of its duties and obligations in accordance with the Purchase Agreement. As between Lessor and Co-Lessees, Co-Lessees shall bear the risk of loss with respect to any loss or claim relating to any item of Equipment covered by any Purchase Agreement.

(b) The obligation of the Lessor to purchase and pay for an item of Equipment whereupon the item of Equipment shall immediately become subject to and governed by the provisions of this Master Lease is subject to the following conditions:

(i) The Co-Lessees shall have submitted to the Escrow Agent a requisition and the documentation required by Section 15.05; and

(ii) There shall exist no Event of Default under this Master Lease or any condition, event or act which with notice or lapse of time, or both, would become an Event of Default which has not been remedied or waived; and

(iii) There shall exist no event of Loss (as described in Section 9.01) or any condition, event or act which with notice or lapse of time, or both, would become an event of Loss.

If either of the foregoing conditions has not been met with respect to an item of Equipment, the Co-Lessees shall be deemed to have assumed the obligations of the Lessor to purchase and pay for such item in accordance with the Purchase Agreement.

Section 3.02 Lease of Equipment. The Lessor agrees to provide the consideration specified in the Schedules to be provided by it to acquire the Equipment and to lease to the Co-Lessees, and the Co-Lessees agree to lease from the Lessor, the Equipment, all in accordance with the provisions of this Master Lease, to have and to hold for the Lease Term. The execution and delivery of this Master Lease shall not obligate the Lessor to execute and deliver any Schedule or to provide any funds with respect to any Schedule unless and until such Schedule has been executed and delivered by all parties thereto and subject to satisfaction of the conditions set forth in Section 3.01(b) hereof

Section 3.03 Master Lease and Schedules. This Master Lease shall be implemented through the execution of Schedules numbered consecutively commencing with Schedule No. 1. For the purpose of construing a transaction as an integrated lease and for the purposes of the provisions of Article III and Article XIII hereof, the following shall be considered a single transaction and a separate, legal and binding lease:

1. The Master Lease; and
2. A particular Schedule to the Master Lease.

ARTICLE IV LEASE TERM

Section 4.01 Commencement of Lease Term. The Lease Term applicable to any Schedule shall commence on the date specified in such Schedule and shall terminate as provided in Section 4.02.

Section 4.02 Termination of Lease Term. The Lease Term applicable to any Schedule will terminate upon the earliest to occur of any of the following events:

- (a) the exercise by the Co-Lessees of the option granted under the provisions of Articles IX or XI hereof to purchase the Equipment identified in such Schedule and the payment of all other amounts due from the Co-Lessees hereunder with respect to such Schedule; or
- (b) the Lessor's election to terminate this Master Lease pursuant to the terms of Article XIII as a result of an Event of Default hereunder; or
- (c) a termination pursuant to Section 6.06.

ARTICLE V QUIET ENJOYMENT OF EQUIPMENT; INSPECTION

Section 5.01 Quiet Enjoyment. So long as no Event of Default shall have occurred and be continuing, Co-Lessees shall have the exclusive rights to the use, possession and control of the Equipment and Lessor, shall not take any action that interferes with the peaceful and quiet enjoyment of the Equipment by Co-Lessees under the terms of the Master Lease.

Section 5.02 Lessor Inspection. The Lessor shall have the right at all reasonable times during business hours, upon reasonable advance notice to the Co-Lessees, to enter into and upon the property of the Co-Lessees for the purpose of inspecting the Equipment and applicable maintenance and use records at Lessor's cost, expense and risk.

ARTICLE VI RENTAL PAYMENTS

Section 6.01 Payment of Rental Payments. The Co-Lessees shall pay to the Lessor, Rental Payments in lawful money of the United States of America, in the amounts and on the dates set forth in the Schedule relating to such Rental Payments. All other amounts required to be paid by the Co-Lessees hereunder shall be paid in lawful money of the United States of America. The Co-Lessees' obligation to make Rental Payments hereunder shall be subject to annual appropriation therefor by the Co-Lessees and the VRE's Participating Jurisdictions.

While recognizing that they are not empowered to make any binding commitment beyond the current fiscal year of the Co-Lessees, it is the current intention of the Co-Lessees to make

sufficient annual appropriations during the Lease Term to pay all Rental Payments and other amounts required to be paid by the Co-Lessees under this Agreement. Notwithstanding anything in this Agreement to the contrary, the Co-Lessees' obligation to pay the cost and expense of performing their obligations under this Master Lease, including without limitation their obligations to pay all Rental Payments and all other amounts required to be paid by the Co-Lessees under this Master Lease, are subject to and dependent upon appropriations being made annually by the Co-Lessees for such purpose. The Co-Lessees direct the officer charged with the responsibility of preparing the Co-Lessees' VRE budget to include in the VRE budget for each fiscal year of the Co-Lessees during the Lease Term a request that the Co-Lessees appropriate in the fiscal year the amount of Rental Payments and other payments due under this Master Lease during such fiscal year. The Lessor acknowledges that the Co-Lessees have no taxing power and the Co-Lessees' ability to appropriate moneys to make payments hereunder is dependent upon receipt of sufficient annual appropriations from the VRE's Participating Jurisdictions.

Section 6.02 Interest and Principal Components. A portion of each Rental Payment is paid as, and represents payment of, interest, and the balance of each Rental Payment is paid as, and represents payment of, principal. Each Schedule hereto shall set forth the principal and interest components of each Rental Payment payable thereunder during the Lease Term.

Section 6.03 Rental Payments. Provided that Lessor has actually paid the Acquisition Cost as provided herein, subject in each fiscal year to the annual appropriation of sufficient funds for such purposes, the obligations of the Co-Lessees to make payment of the Rental Payments required under this Article VI and to make other payments hereunder shall be absolute and unconditional in all events, without abatement, diminution, deduction, set-off or defense for any reason, including, without limitation, any failure of the Equipment to be delivered, any defects, malfunctions, breakdowns or infirmities in the Equipment or any accident, condemnation, destruction or unforeseen circumstances. Notwithstanding any dispute between the Co-Lessees and any of the Lessor, any Vendor or any other person, and subject to the provisions of Section 6.06, the Co-Lessees shall make all Rental Payments when due and shall not withhold any Rental Payments pending final resolution of such dispute, nor shall the Co-Lessees assert any right of set-off or counterclaim against its obligation to make such payments required under this Master Lease.

Section 6.04 Current Expenses. The obligations of the Co-Lessees, including their obligation to pay the Rental Payments due in any fiscal year of the Lease Term, shall constitute a current expense of the Co-Lessees for such fiscal year and shall not constitute an indebtedness of the Co-Lessees within the meaning of the Constitution and laws of the State. Nothing herein shall constitute a pledge by the Co-Lessees of any taxes or other moneys (other than moneys lawfully appropriated annually by or for the benefit of the Co-Lessees for this Master Lease and the Net Proceeds (as defined in Section 9.01) of the Equipment) to the payment of any Rental Payment or other amount coming due hereunder. The Co-Lessees have no taxing power.

Section 6.05 Tax Covenant. (a) It is the intention of the parties hereto that the interest portion of the Rental Payments received by the Lessor under any Schedule be and remain excludable from gross income for purposes of federal income taxation.

(b) The Co-Lessees covenant to execute and deliver such certificates and agreements as are necessary to establish that the interest portion of Rental Payments are not "arbitrage bonds" within the meaning of Section 148 of the Code. The Co-Lessees covenant to comply throughout with the requirements of Section 148 of the Code, and no use will be made of the proceeds of the Master Lease (including investment earnings) or any funds or accounts of the Co-Lessees which may be deemed to be proceeds of the Master Lease pursuant to Section 148 of the Code, which will cause the interest portion of Rental Payments to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code. The Co-Lessees will not approve the use of the proceeds of the Master Lease otherwise than in accordance with the Co-Lessees' "non-arbitrage" certificate given immediately before the commencement of the Lease Term. The Co-Lessees, at their sole expense, will take all steps necessary to cause the requirements of Section 148(f) of the Code to be satisfied with respect to the Master Lease, including but not limited to, all reporting and rebate requirements, and will, upon request, provide the Lessor with evidence of such compliance.

(c) The Co-Lessees will not permit the gross proceeds of the Master Lease to be used in any manner that would result in either (i) ten percent or more of such proceeds being considered as having been used directly or indirectly in any trade or business carried on by any person other than a governmental unit as provided in Section 141(b) of the Code, or (ii) five percent or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code; provided, however, that if the Co-Lessees furnish to the Lessor an opinion of nationally-recognized bond counsel that any such restriction is not required to prevent the interest portion of Rental Payments from being includable in the gross income of the Lessor for purposes of federal income taxation, the Co-Lessees need not comply with such restriction.

(d) The Co-Lessees represent and agree that there is and will be no direct or indirect guaranty of any type by the United States of America or by any of its agencies or instrumentalities of the payment, in whole or in part, of the Master Lease. Except for any proceeds of the Master Lease invested for the initial temporary period provided under Section 148(c)(1) of the Code, investments in obligations issued by the United States Treasury, or other investments permitted by the Code no significant portion of the proceeds of the Master Lease will be invested, directly or indirectly, in federally insured deposits or accounts (such as those insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, or any similar federally chartered corporation).

(e) The Co-Lessees agree that they (i) will not take any action that would cause the interest portion of Rental Payments to be or to become includable in the gross income of the Lessor for purposes of federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest portion of Rental Payments to be or to become includable in the gross income of the Lessor for purposes of federal income taxation, and (iii) will comply throughout the Lease Term with the requirements of Section 103 and Sections 141 through 150 of the Code to preserve the exemption of the interest portion of Rental Payments from federal taxation. The Co-Lessees covenant to execute and deliver and the Co-Lessees will comply with such certificates and agreements as are necessary in order that the

interest portion of Rental Payments will be excluded from the gross income of the Lessor for purposes of federal income taxation.

(f) The Co-Lessees covenant that they will pay any rebate due to the United States of America in connection with this Master Lease and any Schedule hereto and that they will take any and all other actions lawfully within their powers and applicable to the acts done or omitted by the Co-Lessees so as to maintain such exclusion from gross income for federal income tax purposes of the interest component of the Rental Payments under any Schedule hereto, and that they will not perform any act or enter into any agreement or use or permit the use of the Equipment or any portion thereof in a manner that shall have the effect of terminating such exclusion from gross income for federal income tax purposes of the interest component of the Rental Payments received by the Lessor, including, without limitation, subleasing or transferring all or any portion of the Equipment or contracting with a third-party for the use or operation of all or any portion of the Equipment if entering into such sublease, transfer or contract would have such effect. In no event shall a change in law, whether proposed or implemented, be deemed to be an act or event for which the Co-Lessees are responsible. The Co-Lessees shall have the right under any sublease and any contract with respect to or for the use or operation of all or any portion of the Equipment to terminate such sublease or contract if, in the sole judgment of the Co-Lessees, it shall be necessary to protect the exclusion from gross income for federal income tax purposes of the interest portion of the Rental Payments received by the Lessor.

(g) For federal tax purposes, it is the intention of the parties hereto that, during the term of this Master Lease, the Co-Lessees be treated as the owner of the Equipment.

Section 6.06 Nonappropriation of Funds. In the event that in any given fiscal year the Co-Lessees and/or the VRE's Participating Jurisdictions fail to appropriate funds which, together with other available funds, will be sufficient in time and amount to make all the Rental Payments with respect to a particular Schedule coming due in such fiscal year, upon written receipt of notice by the Lessor from the Co-Lessees of such fact, which notice is to be delivered promptly by the Co-Lessees upon such non-appropriation, this Master Lease with respect to such Schedule automatically will terminate and all obligations of the Co-Lessees to make further Rental Payments with respect to such Schedule will cease (except that the Co-Lessees will remain responsible for the payment of all funds which have been previously appropriated for such purpose). The Lessor may exercise the remedies set forth in Section 13.02 hereof, provided that proceeds received from the exercise of such remedies shall be applied in the manner set forth in such section. In the event of such termination and exercise of remedies, the Co-Lessees agree peaceably to surrender possession of the Equipment and assemble and deliver it to any location on Co-Lessees' VRE rail lines designated by the Lessor within the State, at the Co-Lessees' sole cost and expense. To the extent, if any, permitted by law, the Co-Lessees covenant not to expend funds for the same purpose as the purpose of the Master Lease within 12 months following an event of non-appropriation.

ARTICLE VII TITLE TO EQUIPMENT; SECURITY INTEREST

Section 7.01 Title to the Equipment. During the Lease Term, legal title to the Equipment shall be in the Co-Lessees, subject to a first priority security interest in favor of the

Lessor. The parties agree that, as among themselves, the Equipment is and shall remain personal property. Upon termination of this Master Lease pursuant to Section 4.02(a) or Sections 11.01 or 11.03 and payment in full by the Co-Lessees of all Rental Payments, Additional Rents and any Make-Whole Amount due and payable hereunder to the Lessor, full and unencumbered legal title to the Equipment shall pass to the Co-Lessees and the Lessor shall have no further interest therein.

Section 7.02 Security Interest in Equipment. This Master Lease and each Schedule hereto are intended to constitute a security agreement within the meaning of the UCC. As security for the Co-Lessees' obligations to make payments to the Lessor, of Rental Payments, Additional Rents and all other amounts payable to the Lessor hereunder, the Co-Lessees hereby grant to the Lessor a security interest constituting a first lien on the Equipment, and on any proceeds therefrom subject only to Permitted Liens. The Co-Lessees agree to execute or authorize Lessor to file, as applicable, such additional documents, including financing statements, assignments, affidavits, notices and similar instruments, in form reasonably satisfactory to the Lessor, which the Lessor reasonably deems necessary to establish and maintain the security interest created by this Section 7.02. Upon termination of this Lease for any of the reasons specified in Sections 4.02(a) or Sections 11.01 and 11.03 and payment in full by the Co-Lessees of all Rental Payments, Additional Rents and any Make-Whole Amount due and payable hereunder to the Lessor, the Lessor's security interest or other interest in the Equipment shall terminate, and the Lessor shall execute and deliver to the Co-Lessees such documents as the Co-Lessees may request to evidence the termination of the Lessor's security or other interest in the Equipment.

Section 7.03 Change in Name of the Co-Lessees; Change in Location of the Co-Lessees' Principal Place of Business. The Co-Lessees are hereby required to provide written notice to the Lessor of any change in their names or their chief executive offices from that set forth on the first page of this Master Lease. Such notice shall be provided five (5) business days in advance of the date that any such change is planned to take effect.

Section 7.04 Liens and Encumbrances to Title. The Co-Lessees shall not create or permit to be created or remain any liens, encumbrances or rights of third parties with respect to the Equipment or this Master Lease except for Permitted Liens, and the Co-Lessees shall take all action as shall be necessary to protect and defend the title and interest of the Lessor to and in the Equipment from such liens, encumbrances and rights; provided that Co-Lessees shall be permitted to contest such claims, liens and legal processes in good faith by appropriate proceedings, so long as such proceedings do not involve any material danger of sale, forfeiture, loss of any part of the Equipment or any interest therein. The Co-Lessees shall promptly give Lessor notice of any lien for amounts in excess of \$250,000 created upon the Equipment, stating the action the Co-Lessees have taken or are about to take with respect thereto.

ARTICLE VIII MAINTENANCE; MODIFICATION; TAXES; INSURANCE AND OTHER CHARGES

Section 8.01 Maintenance of Equipment by the Co-Lessees. At all times during the Lease Term, the Co-Lessees shall, at their own cost and expense, maintain, preserve and keep the

Equipment in good repair, working order and condition ordinary wear and tear excepted. Neither of the Lessor or the Escrow Agent shall have any responsibility in any of these matters, or for the making of improvements or additions to the Equipment. The Co-Lessees shall perform or have performed at their own expense any maintenance or repair necessary to keep the Equipment in good working order.

Section 8.02 Taxes, Other Governmental Charges and Utility Charges. The parties hereto contemplate that the Equipment will be used for the governmental purposes of the Co-Lessees and, therefore, that the Equipment will be exempt from all taxes presently assessed and levied with respect to personal property. In the event that the use, possession or acquisition of the Equipment is found to be subject to taxation in any form (except for income taxes, if any, of the Lessor resulting from the receipt of Rental Payments), the Co-Lessees will pay during the Lease Term, as the same respectively come due, all taxes, payments-in-lieu of taxes, assessments and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Equipment as well as all charges incurred in the operation, maintenance, use, and repair of the Equipment; provided that, with respect to any governmental charges that may lawfully be paid in installments over a period of years, the Co-Lessees shall be obligated to pay only such installments as have accrued during the time this Master Lease is in effect.

Section 8.03 Provisions Regarding Insurance. Co-Lessees agree to keep the Equipment insured at Co-Lessees' expense against all risks of loss from any cause whatsoever, including without limitation, theft and damage. Co-Lessees agree that such insurance shall name Lessor and Co-Lessees as loss payees as their interests may appear and cover not less than the replacement cost of the Equipment. Co-Lessees also agree that they shall carry commercial general liability insurance in an amount not less than \$200,000,000 total liability per occurrence and cause Lessor and Escrow Agent to be additional insureds under such insurance. Each policy shall provide that the insurance cannot be canceled without at least 10 days prior written notice to Lessor. Co-Lessees may provide all or part of the required insurance coverages for Equipment specified in any Schedule through a commercially reasonable and adequately funded self-insurance program; provided that Lessor's interests are protected to the substantially the same extent as if the insurance required pursuant to this Section 13 had been obtained from a third party insurance carrier, and Co-Lessees shall notify Lessor in writing of their intent to self-insure each applicable Schedule. If Co-Lessees elect to terminate such self-insurance, Co-Lessees shall obtain the insurance coverages described in this Section 13, and provide evidence thereof to Lessor in accordance with the terms of this Section. The Co-Lessees shall furnish to the Lessor, annually, Certificates of Insurance evidencing such coverage throughout the Lease Term. Alternatively, upon the written approval of the Lessor, the Co-Lessees may insure the Equipment under a blanket insurance policy or policies which cover not only the Equipment but also other properties.

The Net Proceeds (as defined in Section 9.01) of the all risks property insurance required in this section shall be applied as provided in Article IX hereof.

Section 8.04 Advances. In the event the Co-Lessees shall fail to maintain the full insurance coverage required by this Master Lease or shall fail to keep the Equipment in good repair and operating condition, the Lessor may (but shall be under no obligation to) purchase the

required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are reasonably necessary and provide for payment thereof and all amounts so advanced therefor by the Lessor shall become Additional Rents under Section 10.04 hereof, which amounts, together with interest thereon at the rate, to the extent permitted by law, of six percent (6%) per annum, the Co-Lessees shall pay promptly.

Section 8.05 Modifications and Additions. In the event the United States Department of Transportation, the Association of American Railroads (the "AAR"), the Surface Transportation Board, the Federal Railroad Administration (the "FRA") or any other governmental agency having jurisdiction over the operation, maintenance, safety or use of rail cars requires that any Equipment be altered or modified (a "Required Modification"), Co-Lessees shall make such Required Modification at their sole expense. Co-Lessees, at their sole expense, may make other alterations and modifications in and additions and improvements to the Equipment (each, an "Addition"); provided no such Addition reduces the value, utility or remaining useful life, or impairs the warranty, certification, safety or performance of the Equipment. Co-Lessees shall repair any damage to the Equipment caused by the removal of any Addition so as to restore the Equipment to its original condition, normal wear and tear from proper use excepted.

ARTICLE IX DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 9.01 Damage, Destruction and Condemnation. Unless the Co-Lessees shall have exercised the option to purchase the Equipment by making payment of the Purchase Price as provided herein, if prior to the termination of the Lease Term (i) the Equipment or any portion thereof is damaged, lost or destroyed (in whole or in part) (a "Loss"), or (ii) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority for a period in excess of the lesser of the Lease Term and 180 days (a "Condemnation"), then, with respect to a partial Loss, the Co-Lessees and the Lessor will cause the Net Proceeds (as hereinafter defined) of any insurance claim to be applied to the prompt repair and restoration of the Equipment and any such repair and restoration shall result in Equipment with a fair market value utility and remaining useful life at least equal to the fair market value utility and remaining useful life of the Equipment immediately before the partial Loss. Upon a total Loss, Co-Lessees will have the option to replace the Equipment subject to such Loss or to purchase the Equipment subject to such Loss by paying the Purchase Price for such Equipment as of the Payment Date (as defined in Section 11.01(b)) immediately prior to the date of such Loss, plus all Rental Payments accrued up to the date of payment and the fair market value utility and remaining useful life of any such replacement equipment shall at least equal the fair market value utility and remaining useful life of the replaced equipment immediately before the total Loss. The Net Proceeds of any condemnation award with respect to any total Loss will be applied to the cost of such replacement or to the Purchase of Price of such Equipment, as applicable. Any balance of the Net Proceeds remaining after application in accordance with the preceding sentence shall be paid to the Co-Lessees.

For purposes of Section 8.03 and this Article IX, the term "Net Proceeds" shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award after deducting all expenses (including reasonable attorneys' fees) incurred in the collection of such claim or award.

Section 9.02 Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, or replacement referred to in Section 9.01 hereof, the Co-Lessees shall either (i) complete the work at Co-Lessees's cost and expense or (ii) pay to or cause to be paid to the Lessor the amount of the then applicable Purchase Price with respect to such Equipment and all other amounts due from the Co-Lessees hereunder with respect to the applicable Schedule, and, upon such payment, the Lease Term shall terminate, with respect to the applicable item of Equipment, title to such Equipment shall transfer to the Co-Lessees without any further action; provided that Lessor will execute a bill of sale transferring such Equipment to Co-Lessees free and clear of all liens and encumbrances created by or arising through, either, directly or indirectly Lessor and the security interest assigned to the Lessor in the Equipment shall terminate as provided in Article XI hereof. The amount of the Net Proceeds in excess of the then applicable Purchase Price, if any, may be retained by the Co-Lessees.

ARTICLE X DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES; USE OF THE EQUIPMENT

Section 10.01 Disclaimer of Warranties. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE EQUIPMENT, OR ANY OTHER WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT THERETO, OTHER THAN WARRANTIES OR REPRESENTATIONS EXPRESSLY REQUIRED TO BE MADE BY LESSOR UPON A PURCHASE OF THE EQUIPMENT BY CO-LESSEES, AND, AS TO THE LESSOR, THE CO-LESSEES' LEASE AND PURCHASE OF THE EQUIPMENT SHALL BE ON AN "AS IS" BASIS.

Section 10.02 Vendor's Warranties. The Lessor hereby irrevocably appoints the Co-Lessees their agents and attorneys-in-fact during the Lease Term, so long as the Co-Lessees shall not be in default hereunder, to assert from time to time whatever claims and rights including warranties of the Equipment which the Lessor may have against the Vendor. The Co-Lessees' sole remedy for the breach of such warranty, indemnification or representation by Vendor shall be against the Vendor of the Equipment, and not against the Lessor, nor shall such matter have any effect whatsoever on the rights and obligations of the Lessor with respect to this Master Lease, including Lessor's right to receive full and timely payments under this Master Lease. The Co-Lessees expressly acknowledges that the Lessor makes, and has made, no representation or warranties whatsoever as to the existence or availability of such warranties of the Vendor of the Equipment. Lessor agrees that it will cooperate with Co-Lessees, at Co-Lessees' expense and request, with respect to the enforcement of any such warranties.

Section 10.03 Use of the Equipment. Co-Lessees will use, maintain and operate the Equipment in a prudent and proper manner in the conduct of its business. The Co-Lessees will

not use, operate or maintain the Equipment in violation of any applicable law. The Co-Lessees shall secure all permits and licenses, if any, necessary for the operation and use of the Equipment. The Co-Lessees shall comply in all material respect, with respect to the use, maintenance and operation of each item of the Equipment, with all applicable laws, rules and regulations.

Section 10.04 Additional Rents. Subject to the provisions of Section 6.01, the Co-Lessees shall pay to the Lessor as additional rents (the "Additional Rents") hereunder, in addition to the Rental Payments payable by the Co-Lessees hereunder, any amounts owed by the Co-Lessees to the Lessor or to whomsoever shall be entitled thereto pursuant to this Master Lease, including, without limitation, Sections 8.02 and 12.03 hereof together with all reasonable out-of-pocket expenses of Lessor in connection with the enforcement of this Master Lease or the preservation and protection of all rights and remedies of Lessor hereunder, including without limitation, reasonable attorney's fees and disbursements and all charges required to be paid by Lessor in order to comply with the terms of, or to enforce its rights under, this Master Lease. Such Additional Rents shall be billed to the Co-Lessees by the Lessor from time to time, together with a statement certifying that the amount so billed has been paid by the Lessor for one or more of the items above described, or that such amount is then payable by the Lessor for such items. Amounts so billed shall be due and payable by the Co-Lessees within thirty (30) days after receipt of the bill by the Co-Lessees.

ARTICLE XI OPTION TO PURCHASE

Section 11.01 Purchase Rights. The Lessor's security interest in the Equipment identified in a particular Schedule shall be terminated, and the Co-Lessees shall be entitled to full unencumbered title and all ownership interests in such Equipment:

(a) upon notice to the Lessor at the end of the Lease Term and payment in full of all Rental Payments payable during the Lease Term in accordance with such Schedule and all other amounts due from the Co-Lessees hereunder with respect to such Schedule; or

(b) upon written notice to the Lessor delivered at least five (5) days in advance of any date on which a Rental Payment is due (a "Payment Date"), and upon the payment on such date of the Rental Payment due on such date and the applicable Purchase Price for such date unless otherwise provided in the applicable Schedule and all other amounts, including any Make-Whole Amount, due from the Co-Lessees hereunder with respect to such Schedule.

Section 11.02 Early Purchase. On any Payment Date, Co-Lessees may purchase all, or any item of, the Equipment, free and clear of Lessor's security interest therein. Such option to purchase such Equipment or item thereof shall be exercised irrevocably upon written notice from Co-Lessees to Lessor given at least 5 days prior to such Payment Date. On such Payment Date, Co-Lessees shall pay to Lessor the Purchase Price for such Equipment as of such date and all other amounts due and payable under this Lease, including, without limitation, all Rental Payments due on or before such date and pay Make-Whole Amount. Upon payment by Co-Lessees of the amount specified above, the Lease Term shall end with respect to the applicable Equipment.

Section 11.03 Consummation of Purchase. The security interest granted to the Lessor in the Equipment identified in a particular Schedule will be terminated and released in conjunction with the receipt of the full Purchase Price with respect to any item of Equipment as contemplated by Section 11.02 above or with respect to all of the Equipment as contemplated by Section 11.01(b) above or the final Rental Payment due under such Schedule as contemplated by Section 11.01(a) above, and all other amounts due from the Co-Lessees hereunder with respect to such Schedule. On such date, and upon any other purchase by Co-Lessees of the Equipment or any item thereof under any other Section of this Master Lease, the Lessor shall deliver to the Co-Lessees such deeds, termination statements, bills of sale and other documents and instruments as the Co-Lessees shall reasonably require to evidence the transfer of all right, title and interest of the Lessor in such Equipment to the Co-Lessees free and clear of all liens and encumbrances created by or arising, directly or indirectly, through the Lessor.

Section 11.04 Mandatory Prepayment. (a) A Schedule shall be subject to mandatory prepayment, as set forth in Section 15.06 hereof, in the event that at the end of the Acquisition Period there are unspent funds in the account within the Acquisition Escrow Fund relating to such Schedule. In such event, such unspent funds shall on the next Payment Date under the Schedule be applied first to the prepayment of the unpaid principal components of outstanding Rental Payments and thereafter shall be applied to the unpaid interest components of the Rental Payment, unless otherwise provided in such Schedule, and to payment of any Make-Whole Amount. The remaining Rental Payments shall be recomputed based upon the reduced principal balance using the same methodology and interest rate as used for the initial computation of Rental Payments and the Schedule shall be amended to reflect such prepayment of principal. The Lessor and the Co-Lessees shall execute the revised Schedule to acknowledge such change.

(b) Subject to Section 12.02, all or substantially all of the assets of the Co-Lessees, including the Co-Lessees's interest in this Master Lease and the Equipment, may be transferred to or acquired in any manner by another entity, subject to the opinion of the Co-Lessees's bond counsel as to the continued exclusion from gross income of the interest component of the Rental Payments. However, if all or substantially all of such assets of the Co-Lessees, including the Co-Lessees's interest in this Master Lease and the Equipment, are transferred to or acquired in any manner by another entity the Co-Lessees may be required, at the direction of the Lessor, to prepay in whole the then applicable Purchase Price of all Equipment identified under any Schedule to this Master Lease and all other amounts due from the Co-Lessees hereunder.

ARTICLE XII ASSIGNMENT, SUBLEASING, INDEMNIFICATION, MORTGAGING AND SELLING

Section 12.01 Assignment by Lessor. This Master Lease, and the right to receive payments hereunder, may be assigned and reassigned in whole but not in part to any assignee or subassignee by the Lessor at any time subsequent to its execution, without the necessity of obtaining the consent of the Co-Lessees or the Escrow Agent so long as such assignee or subassignee meets the requirements of an Eligible Assignee; provided, however, that no such assignment or reassignment shall be effective unless and until the Co-Lessees and the Escrow Agent shall have received notice of the assignment or reassignment disclosing the name and address of the assignee or subassignee. Upon receipt of notice of assignment, the Lessor will

reflect in a book-entry the assignee designated in such notice of assignment, and shall agree to make all payments to the assignee designated in the notice of assignment, notwithstanding any claim, defense, set-off or counterclaim whatsoever (whether arising from a breach of this Master Lease or otherwise) that the Co-Lessees may from time to time have against the Lessor or the assignee. The Co-Lessees agree to execute all documents, including notices of assignment or financing statements, which may be reasonably requested by the Lessor or its assignee to protect their interest in the Equipment and in this Master Lease.

Section 12.02 No Sale, Assignment or Subleasing by Co-Lessees. This Master Lease and the interest of the Co-Lessees in the Equipment may not be sold, assumed, assigned, subleased or encumbered by the Co-Lessees without the prior written consent of the Lessor.

Section 12.03 Co-Lessees's Indemnification Covenants. (a) To the extent permitted by the laws and Constitutions of the United States and the State, the Co-Lessees shall protect, hold harmless and indemnify the Lessor, and if this Master Lease or any interest therein is assigned by the Lessor, both the Lessor and such assignee and the Escrow Agent (each, an "Indemnatee") from and against any and all liability, obligations, losses, claims and damages whatsoever, and expenses in connection therewith, regardless of the cause thereof, including penalties and interest (each an "Expense") arising out of or as the result of the entering into of this Master Lease, the leasing of any item of the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any item of the Equipment or any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or the injury to or death of any person (but excluding counsel fees); provided that the foregoing indemnity shall not extend to any Expense resulting from or arising out of or relating to (1) the incorrectness of any representation or warranty by any Indemnatee in this Master Lease or in any other document delivered in connection herewith to the extent that such incorrectness results in the creation, or an increase in the amount, of such Expense (in which case this indemnity shall not cover such Expense or such increased amount, as the case may be) or (2) the failure by any Indemnatee to perform or observe any agreement, covenant or condition in this Master Lease or any other document delivered in connection with this Master Lease or any other such failure to the extent that such failure results in the creation, or an increase in the amount, of such Expense (in which case this indemnity shall not cover such Expense or such increased amount, as the case may be) or (3) the willful misconduct or the gross negligence of any Indemnatee to the extent that such willful misconduct or gross negligence results in the creation, or an increase in the amount, of such Expense (in which case this indemnity shall not cover such Expense or such increased amount, as the case may be) or (4) a voluntary or involuntary disposition by any Indemnatee of all or any part of its interest in this Master Lease or in the Equipment or any part thereof (other than in connection with the exercise of its rights hereunder following an Event of Default) or (5) acts or events occurring after the termination or expiration of the Master Lease, except to the extent attributable to acts or events occurring prior to such termination or expiration or (6) the offer or sale by Lessor of any interest in the Equipment or any part thereof or in this Master Lease except in connection with the exercise of remedies following an Event of Default or (8) any other Expense which any Indemnatee has expressly agreed to bear pursuant to this Master Lease or another document delivered in connection herewith. Co-Lessees shall, upon request, defend any actions based on, or arising out of, any of the foregoing.

(b) Upon payment in full of any indemnity pursuant to this Section 12.03, the Co-Lessees shall, to the extent of such payment, be subrogated to any rights of the Indemnatee (other than against an insurer pursuant to an insurance policy maintained by such Indemnatee) in respect of the matter against which such indemnity was given.

(c) If a claim is made against an Indemnatee involving one or more Expenses and such Indemnatee has notice thereof, such Indemnatee shall reasonably promptly, upon receiving such notice, give notice of such claim to the Co-Lessees, provided that the failure to provide such notice shall not release the Co-Lessees from any of its obligations to indemnify hereunder, except to the extent such failure results in limitations on the availability or the extent of insurance coverage or to the extent such failure materially prejudices Co-Lessees's ability to contest such claim. The Co-Lessees shall be entitled, at their sole cost and expense, acting through counsel acceptable to the respective Indemnatee, (A) in any judicial or administrative proceeding that involves solely a claim for one or more Expenses to assume responsibility for and control thereof, unless such assumption would involve the Co-Lessees in a material conflict of interest, (B) in any judicial or administrative proceeding involving a claim for one or more Expenses and other claims related or unrelated to the transactions contemplated by this Lease, to assume responsibility for and control of such claim for Expenses to the extent that the same may be and is severed from such other claims (and such Indemnatee shall use its reasonable efforts to obtain such severance) unless such assumption would involve the Co-Lessees in a material conflict of interest, and (C) in any other case, to be consulted by such Indemnatee with respect to judicial proceedings subject to the control of such Indemnatee. Co-Lessees shall keep Lessor reasonably informed of the status of any judicial or administrative proceeding of which Co-Lessees have control pursuant to (A) or (B) above. Notwithstanding any of the foregoing to the contrary, the Co-Lessees shall not be entitled to assume responsibility for and control of any such judicial or administrative proceedings if such proceedings will result in any material danger of the sale, forfeiture or loss of, or the creation of any lien or encumbrance (other than a Permitted Lien) on the Equipment or any part thereof. The Indemnatee may participate at its own expense and with its own counsel in any judicial proceeding controlled by the Co-Lessees pursuant to the preceding provisions; provided that such Indemnatee's participation does not, in the opinion of the independent counsel appointed by Co-Lessees or their insurers to conduct such proceedings, interfere with such control. Co-Lessees shall supply the Indemnatee with such information reasonably requested by the Indemnatee as is necessary or advisable for the Indemnatee to control or participate in any proceeding to the extent permitted by this Section 12.03. The Indemnatee shall supply the Co-Lessees with such information reasonably requested by the Co-Lessees as is necessary or advisable for the Co-Lessees to control or participate in any proceeding to the extent permitted by this Section 12.03. Such Indemnatee shall not enter into a settlement or compromise with respect to any Expense without the prior written consent of the Co-Lessees which consent shall not be unreasonably withheld or delayed, unless such Indemnatee waives its right to be indemnified with respect to such Expense under this Section 12.03. The Indemnatee agrees to give such further assurances and to cooperate with Co-Lessees to permit Co-Lessees to pursue such claims.

(d) In the event that Co-Lessees shall have paid an amount to an Indemnatee pursuant to this Section 12.03, and such Indemnatee subsequently shall be reimbursed in respect of such indemnified amount from any other person, such Indemnatee shall promptly pay an amount equal to the amount of such reimbursement (but in no event more than such payment) to the

Co-Lessees. Nothing in this paragraph shall obligate any Indemnitee to seek such reimbursement.

(e) The indemnification arising under this section shall continue in full force and effect notwithstanding the full payment of all obligations hereunder or the termination of the Lease Term for any reason.

ARTICLE XIII EVENTS OF DEFAULT AND REMEDIES

Section 13.01 Events of Default. The following constitute "Events of Default" under this Master Lease:

(a) failure by the Co-Lessees to make Rental Payments within 5 days of the applicable Payment Date in accordance with and subject to Section 6.03 hereof, failure by the Co-Lessees to make Additional Rent payments within 5 days of the date when due in accordance with and subject to Section 10.04 hereof, failure by the Co-Lessees to pay Make-Whole Amounts within 5 days of the date when due, failure by the Co-Lessees to maintain insurance on the Equipment in accordance with Section 8.03 hereof, or violation by the Co-Lessees of the provisions of Section 6.05; or

(b) failure by the Co-Lessees to observe and perform any other covenant, condition or agreement on its part to be observed or performed by them hereunder (other than their failure to make Rental Payments as they become due) for a period of thirty (30) days after written notice is given to the Co-Lessees by the Lessor, specifying such failure and requesting that it be remedied; provided, however, that if the failure stated in such notice cannot be corrected within such 30-day period, the Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Co-Lessees within the applicable period and diligently pursued until the default is corrected; or

(c) initiation by the Co-Lessees or by others of a proceeding under any federal or state bankruptcy or insolvency law seeking relief under such laws concerning the indebtedness of the Co-Lessees; or

(d) an Event of Default (as defined in the VRE Bond Indenture) has occurred and is continuing.

Section 13.02 Remedies on Default. Whenever any Event of Default shall have occurred and be continuing, the Lessor shall have the right, at its sole option without any further demand or notice, to take any one or any combination of the following remedial steps insofar as the same are available to secured parties under Article 9 of the UCC in effect in the State from time to time and which are otherwise accorded to the Lessor by applicable law:

(a) By written notice to the Co-Lessees, with or without terminating this Master Lease, declare immediately due and payable an amount equal to all Rental Payments due or to become due during the fiscal year in effect when the default occurs.

(b) With or without terminating this Master Lease, retake possession of the Equipment wherever situated, without any court order or other process of law and without liability for entering the premises, and lease or make other disposition of the Equipment for use over a term in a commercially reasonable manner, all for the account of the Lessor; provided that the Co-Lessees shall remain directly liable for the deficiency, if any, between the rent or other amounts paid by a Co-Lessees of the Equipment pursuant to such lease during the same period of time, after deducting all costs and expenses incurred with respect to the recovery, repair and storage of the Equipment during such period of time;

(c) With or without terminating this Master Lease, retake possession of the Equipment wherever situated, without any court order or other process of law and without liability for entering the premises, and sell the Equipment in a commercially reasonable manner. All proceeds from such sale shall be applied in the following manner:

FIRST, to pay all proper and reasonable costs and expenses associated with the recovery, repair, storage and sale of the Equipment;

SECOND, to pay (i) the Lessor the amount of all unpaid Rental Payments, if any, which are then due and owing, together with interest and late charges thereon, (ii) the Lessor the then applicable Purchase Price (taking into account the payment of past due Rental Payments as aforesaid), plus a pro rata allocation of interest, at the rate utilized to establish the interest component for the Rental Payment next due pursuant to the applicable Schedule, from the next preceding due date of a Rental Payment until the date of payment by the buyer, and (iii) any other amounts due hereunder, including indemnity payments, reimbursement of any advances, Additional Rent and other amounts payable to the Lessor hereunder; and

THIRD, to pay the remainder of the sale proceeds, purchase moneys or other amounts paid by a buyer of the Equipment, to the Co-Lessees;

(d) Proceed by appropriate court action to enforce performance by the Co-Lessees of the applicable covenants of this Master Lease (other than the payment of Rental Payments hereunder) or to recover for the breach thereof;

(e) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights with respect to the Equipment; and

(f) Deliver written notice to the Escrow Agent to immediately liquidate all investments held in the Acquisition Escrow Fund, and the Escrow Agent shall liquidate such investments and transfer the proceeds thereof and all other moneys held in the Acquisition Escrow Fund to the Lessor.

All of the Co-Lessees's rights in any Equipment the possession of which is retaken by the Lessor upon the occurrence of an Event of Default (including, without limitation, construction contracts, warranties, guaranties or completion assurances applicable to such Equipment) shall pass to the Lessor and the Co-Lessees's rights in such Equipment shall terminate immediately upon such repossession.

Section 13.03 Return of Equipment. Upon an Event of Default, the Co-Lessees shall allow the Lessor to recover the Equipment at the Co-Lessees's sole cost and expense.

Section 13.04 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Master Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lessor to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice other than such notice as may be required by this Article XIII. All remedies herein conferred upon or reserved to the Lessor shall survive the termination of this Master Lease.

Section 13.05 Late Charge; Interest on Late Payment. Any Rental Payment not paid by the Co-Lessees on the due date thereof shall, to the extent permissible by law, bear a late charge equal to one percent (1%) of the amount of the past due Rental Payment, but in no event shall such late charge be less than One Hundred Dollars (\$100.00) or greater than that permitted by law. Any unpaid Rental Payment, Additional Rent or other amount payable by the Co-Lessees to or for the benefit of the Lessor hereunder shall, to the extent permitted by law, bear interest at the rate payable on the principal portion of the Purchase Price, plus the lesser of (a) two percent (2%), or (b) the maximum rate permitted by law, from the due date until paid and collected.

Section 13.06 Force Majeure. If by reason of *force majeure* the Co-Lessees are unable in whole or in part to carry out their agreement herein contained, other than the obligations on the part of the Co-Lessees contained in Article VI and Sections 7.03, 8.03 and 12.03 hereof, the Co-Lessees shall not be deemed to be in default during the continuance of such inability. The term "*force majeure*" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; acts of terrorism; orders or restraints of any kind of the government of the United States of America or the State or any of their respective departments, agencies, or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; or explosions.

ARTICLE XIV THE ESCROW AGENT

Section 14.01 Corporate Organization, Authorization and Capacity. The Escrow Agent represents and warrants that it is a banking corporation duly organized and validly existing under the laws of Georgia and qualified to do business in the State, and that by proper corporate action it has duly authorized the execution and delivery of this Master Lease.

Section 14.02 Rights and Duties of the Escrow Agent. (a) Moneys to be Held in Trust. All moneys received by the Escrow Agent under this Master Lease shall be held by the Escrow Agent in trust for the purposes herein specified, shall be applied subject to the provisions of this Master Lease, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either the Lessor or the Co-Lessees.

(b) Accounts. The Escrow Agent shall keep proper accounts of its transactions hereunder (separate from its other accounts), which shall be open to inspection by the Lessor and the Co-Lessees and their representatives duly authorized in writing.

(c) Actions for Protection of Lessor. The Escrow Agent shall not be required to monitor the financial condition of the Co-Lessees or the physical condition of the Equipment and, unless otherwise expressly provided, shall not have any responsibility with respect to reports, notices, certificates or other documents filed with it hereunder, except to make them available for inspection by the Lessor. The Escrow Agent shall provide a monthly statement to the Lessor and the Co-Lessees reflecting amounts received and payments made in accordance with this Master Lease. The Escrow Agent shall not be required to take notice of any other breach or default by the Co-Lessees except when given written notice thereof by the Lessor. The Escrow Agent shall not be required to take any remedial action unless reasonable indemnity is furnished for any expense or liability to be incurred therein.

(d) Responsibility. The Escrow Agent shall be entitled to the advice of counsel (who may be counsel for any party) and shall not be liable for any action taken in good faith in reliance on such advice. The Escrow Agent may rely conclusively on any notice, certificate or other document furnished to it under this Master Lease and reasonably believed by it to be genuine. The Escrow Agent shall not be liable for any action taken or omitted to be taken by it in good faith and reasonably believed by it to be within the discretion or power conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed under this Master Lease or omitted to be taken by it by reason of the lack of direction or instruction required for such action, or be responsible for the consequences of any error of judgment reasonably made by it. When any payment or consent or other action by the Escrow Agent is called for by this Master Lease, the Escrow Agent may defer such action pending receipt of such evidence, if any, as it may reasonably require in support thereof. A permissive right or power to act shall not be construed as a requirement to act. The Escrow Agent shall in no event be liable for the application or misapplication of funds, or for other acts or defaults, by any person, firm or corporation except by its own directors, officers, agents and employees. No recourse shall be had by the Co-Lessees or the Lessor for any claim based on this Master Lease or any agreement securing the same against any director, officer, agent or employee of the Escrow Agent unless such claim is based upon the willful misconduct, gross negligence, bad faith, fraud or deceit of such person. For the purposes of this Master Lease matters shall not be considered to be known to the Escrow Agent unless they are known to an officer in its corporate trust department.

(e) Surety Bond. The Escrow Agent shall not be required to furnish any bond or surety.

(f) Financial Obligations. Nothing contained in this Master Lease shall in any way obligate the Escrow Agent to pay any debt or meet any financial obligations to any person in relation to the Equipment except from moneys received under the provisions of this Master Lease or from the exercise of the Escrow Agent's rights hereunder other than the moneys received for its own purposes.

Section 14.03 Fees and Expenses of Escrow Agent. Except to the extent the Escrow Agent has been paid or reimbursed from the Expense Fund or the Acquisition Escrow Fund, the

Co-Lessees shall pay to the Escrow Agent reasonable compensation for its services and pay or reimburse the Escrow Agent for its reasonable expenses and disbursements, excluding attorneys' fees, hereunder. The Co-Lessees shall, to the extent permitted by law, indemnify and save the Escrow Agent harmless against any expenses and liabilities which it may incur in the exercise of its duties hereunder and which are not due to its negligence or bad faith. Any fees, expenses, reimbursements or other charges which the Escrow Agent may be entitled to receive from the Co-Lessees hereunder, if not paid within thirty (30) days' after written notice to the Co-Lessees, shall bear interest at six percent (6%) per annum, and if not otherwise paid, shall be a first lien upon any funds or other property then or thereafter held hereunder by the Escrow Agent. The Escrow Agent may apply any such funds to any of the foregoing items, and in that event the lien of this section shall continue to apply to any other such funds, and the Co-Lessees shall remain liable for the same. Any subsequent payment of any such item by the Co-Lessees shall be used to restore the funds so applied.

Section 14.04 Resignation or Removal of the Escrow Agent. The Escrow Agent may resign on not less than thirty (30) days' notice given in writing to the Co-Lessees and the Lessor, but such resignation shall not take effect until a successor has been appointed. The Escrow Agent may be removed by written notice from the Lessor to the Escrow Agent.

Section 14.05 Successor Escrow Agent. Any corporation or association which succeeds the initial Escrow Agent or to the trust operations of a successor Escrow Agent as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights and powers of the Escrow Agent under this Master Lease, without any further act or conveyance.

In case the Escrow Agent resigns or is removed or becomes incapable of acting, or becomes bankrupt or insolvent, or if a receiver, liquidator or conservator of the Escrow Agent or of its property is appointed, or if a public officer takes charge or control of the Escrow Agent, or of its property or affairs, a successor shall be appointed by written notice from the Lessor to the Co-Lessees. The Lessor shall notify the Co-Lessees of the appointment in writing. The Lessor will promptly certify to the successor Escrow Agent that it has mailed such notice to the Co-Lessees and such certificate will be conclusive evidence that such notice was given in the manner required hereby. If no appointment of a successor is made within forty-five (45) days after the giving of written notice in accordance with Section 14.04 or after the occurrence of any other event requiring or authorizing such appointment, the outgoing Escrow Agent or the Co-Lessees may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor. Any successor Escrow Agent appointed under this Section shall be a trust company or a bank having the powers of a trust company, authorized to do business in the State, having a capital and surplus of not less than \$75,000,000. Any such successor Escrow Agent shall notify the Lessor and the Co-Lessees of its acceptance of the appointment and, upon giving such notice, shall become Escrow Agent, vested with all the property, rights and powers of the Escrow Agent hereunder, without any further act or conveyance. Such successor Escrow Agent shall execute, deliver, record and file such instruments as are required to confirm or perfect its succession hereunder and any predecessor Escrow Agent shall from time to time execute, deliver, record and file such instruments as the incumbent Escrow Agent may reasonably require to confirm or perfect any succession hereunder.

ARTICLE XV
CREATION AND ADMINISTRATION OF FUNDS

Section 15.01 Application of Lease Proceeds. At the Closing of any Schedule, the Lessor shall pay the Lease Proceeds identified on such Schedule to the Escrow Agent, who shall apply such Lease Proceeds as follows: (a) the amount, together with funds provided by the Co-Lessees, estimated to be needed to pay the costs associated with executing the Schedule, shall be deposited in the Expense Fund; and (b) the balance shall be deposited into a separate account for such Schedule within the Acquisition Escrow Fund. In the case of Schedule No. 1, the Escrow Agent shall deposit \$260,000 in an account in the Expense Fund and the balance (\$24,840,000) in an account in the Acquisition Escrow Fund.

Section 15.02 Acquisition Escrow Fund. An Acquisition Escrow Fund is hereby established to be held by the Escrow Agent. The moneys in the Acquisition Escrow Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided in this Master Lease, shall be applied by the Escrow Agent solely in accordance with Section 15.05. If there is an Event of Default known to the Escrow Agent with respect to Rental Payments or payments due to the Lessor or the Escrow Agent, the Escrow Agent may use the Acquisition Escrow Fund without requisition to make up the deficiency, and the Co-Lessees shall restore the funds so used.

Section 15.03 Expense Fund. An Expense Fund is hereby established to be held by the Escrow Agent and Lease Proceeds shall be deposited therein as provided in Section 15.01. The moneys in the Expense Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided in this Master Lease, shall be applied by the Escrow Agent solely to the payment or reimbursement of the costs of preparing and executing this Master Lease and Schedules hereto, including the placement with purchasers of such Schedules. The Escrow Agent shall pay from the Expense Fund the reasonable fees and expenses of the Lessor and the Co-Lessees of preparing and executing the Schedules, including the fees and expenses of financial consultants, counsel to the Lessor, counsel to the Co-Lessees and bond counsel, the Escrow Agent incurred prior to the complete acquisition of the Equipment in accordance with this Master Lease, any recording or similar fees and any expenses of the Co-Lessees in connection with the preparation and execution of the Schedules which are approved by the Lessor. Earnings on the Expense Fund shall not be applied to pay costs of executing the Schedules, but shall be transferred to the Acquisition Escrow Fund as provided in Subsection 15.04(b). After all costs of executing the Schedules have been paid any amounts remaining in the Expense Fund shall be transferred to the Acquisition Escrow Fund. To the extent the Expense Fund is insufficient to pay any of the above costs, the Co-Lessees shall be liable for the deficiency and shall pay such deficiency as directed by the Lessor.

Section 15.04 Investments.

(a) Pending their use under this Master Lease, moneys in the Expense Fund may be invested by the Escrow Agent at the direction of the Co-Lessees in Permitted Investments (as defined below) maturing or redeemable at the option of the holder not later than the time when such moneys are expected to be needed. Moneys in the Acquisition Escrow Fund may be invested by the Escrow Agent at the direction of the Co-Lessees in Permitted Investments

maturing or redeemable at the option of the holder within the Acquisition Period and not later than the times when such moneys are expected to be needed. Notwithstanding the foregoing, any amount of Lease Proceeds deposited in the Acquisition Escrow Fund pursuant to Section 15.01 which has not been expended within the applicable Acquisition Period shall, pending application in accordance with Section 15.06 hereof, be invested only in Permitted Investments with a yield not more than 1/8% higher than the yield on such Schedule, or in Permitted Investments described in clause 15.04(c)(i)(B) without regard to yield. Any investments pursuant to this subsection shall be held by the Escrow Agent as a part of the applicable Fund and shall be sold or redeemed to the extent necessary to make payments or transfers or anticipated payments or transfers from such Fund, subject to the notice provisions of Section 9-504(3) of the UCC to the extent applicable.

(b) Except as set forth below, any interest realized on investments in any Fund and any profit realized upon the sale or other disposition thereof shall be credited to the Fund with respect to which they were earned and any loss shall be charged thereto. Earnings on the Expense Fund shall be transferred to the Acquisition Escrow Fund not less often than quarterly.

(c) (i) The term "Permitted Investments" means (A) Government or Equivalent Obligations, (B) "tax exempt bonds" as defined in Section 150(a)(6) of the Code, other than "specified private activity bonds" as defined in Section 57(a)(5)(C) of the Code, rated at least AA or Aa by Standard & Poor's Ratings Group ("S&P") and Moody's Investors Services, Inc. ("Moody's"), respectively, or the equivalent by any other nationally recognized rating agency, at the time of acquisition thereof, or shares of a so-called money market or mutual fund that do not constitute "investment property" within the meaning of Section 148(b)(2) of the Code, provided either that the fund has all of its assets invested in obligations of such rating quality or, if such obligations are not so rated, that the fund has comparable creditworthiness through insurance or otherwise and which fund is rated AAm or AAm-G if rated by S&P, (C) certificates of deposit of, banker's acceptances drawn on and accepted by, and interest bearing deposit accounts of, a bank or trust company which has a capital and surplus of not less than \$75,000,000, (D) Repurchase Agreements (as defined below), (E) investment agreements, investment contracts or other obligations (collectively, "Investment Agreements") with a bank, bank holding company, insurance company or financial institution whose unsecured long-term obligations are rated at least AA by S&P or Aa3 by Moody's, and (F) money market mutual funds having a rating by S&P of at least AAAm-G, AAAm or AAm. The term "Repurchase Agreement" shall mean a written agreement under which a bank or trust company which has a capital and surplus of not less than \$75,000,000 or a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York sells to and agrees to repurchase from the Escrow Agent obligations issued or guaranteed by the United States; provided that the market value of such obligations is at the time of entering into the agreement at least one hundred and three percent (103%) of the repurchase price specified in the agreement and that such obligations are segregated from the unencumbered assets of such bank or trust company or government bond dealer; and provided further that unless the agreement is with a bank or trust company, such agreement shall require the repurchase to occur on demand or on a date certain which is not later than one (1) year after such agreement is entered into and shall expressly authorize the Escrow Agent to liquidate the purchased obligations in the event of the insolvency of the party required to repurchase such obligations or the commencement against such party of a case under the federal Bankruptcy Code or the appointment of or taking

possession by a trustee or custodian in a case against such party under the Bankruptcy Code. Any such investments may be purchased from or through the Escrow Agent.

(ii) Notwithstanding the immediately preceding paragraph Permitted Investments shall not include the following:

(A) Government or Equivalent Obligations, certificates of deposit and bankers' acceptances, in each case with yields lower than the yield available on comparable obligations then offered by the United States Treasury.

(B) any demand deposit or similar account with a bank, trust company or broker, unless (1) the account is used for holding funds for a short period of time until such funds are reinvested or spent, (2) substantially all the funds in the account are withdrawn for reinvestment or expenditure within five (5) business days of their deposit therein, and (3) the average daily balance of all such accounts during any calendar month does not exceed in the aggregate \$250,000.

(C) Repurchase Agreements or Investment Agreements, unless (1) at least three (3) bids are obtained on the proposed Repurchase Agreement or Investment Agreement from persons other than those with an interest in the Bonds, (2) the yield on the Repurchase Agreement or Investment Agreement is at least equal to the yield offered by the highest bidder, and (3) a written record of the yield offered by each bidder is maintained.

Any of the requirements of this paragraph (ii) shall not apply to moneys allocable to any Schedule as to which the Escrow Agent, the Lessor and the Co-Lessees shall have received an opinion of nationally recognized bond counsel satisfactory to the Co-Lessees and the Lessor to the effect that such requirements are not necessary to preserve the exclusion of interest on the Rental Payments under such Schedule from the gross income of the owner thereof for federal income tax purposes. Permitted Investments shall not include any investment that would cause any Schedule hereunder to be federally guaranteed within the meaning of Section 149(b) of the Code or any investment not permitted under any applicable provisions of the Virginia Investment of Public Funds Act or other similar State law.

(d) A security interest required by Subsection 15.04, if any, shall be perfected in such manner as may be provided by law. In the case of a Repurchase Agreement, if under applicable law, including the federal Bankruptcy Code, the agreement is recognized as transferring ownership in the underlying securities to the investing party with a right to liquidate the securities and apply the proceeds against the repurchase obligation, all free and clear of the claims of creditors and transferees of the other party, the interest of the investing party shall be regarded as the equivalent of a perfected security interest for the purposes of this subsection. In any case, however, if the underlying securities or the securities subject to the security interest are certificated securities (as opposed to uncertificated or book-entry securities), they shall be delivered to the Escrow Agent, or to a depository satisfactory to the Escrow Agent, as the case may be, either as agent for the Escrow Agent or as bailee with appropriate instructions and

acknowledgement, at the time of or prior to the investment, or, if the security interest is perfected without delivery, delivery shall be made within three (3) business days. Possession by the Escrow Agent of the security for an obligation of the Escrow Agent shall not be deemed to satisfy the requirements of this subsection unless there is an opinion of counsel satisfactory to the Co-Lessees to the effect that such possession satisfies the requirements of this subsection.

Section 15.05 Expenditure of Acquisition Escrow Fund. Moneys in an account within the Acquisition Escrow Fund shall be expended for the payment of Acquisition Costs associated with the Schedule to which such account relates as directed by requisitions, substantially in the form attached hereto as Exhibit A, signed on behalf of the Co-Lessees by an Authorized Officer. Each requisition for payment of any Acquisition Cost incurred pursuant to a Purchase Agreement, or for a reimbursement to Co-Lessees of amounts previously paid with respect to the Acquisition Cost of Equipment, shall attach (a) an assignment to the Lessor of the Co-Lessees's right, title and interest in such Purchase Agreement insofar as it relates to the right to purchase and pay for the items of Equipment identified in the Schedule to which such account relates; (b) a Certificate of Acceptance in the form of Exhibit C pertaining to such items of Equipment for which a final payment is to be made under such requisition; (c) a true copy of the Vendor's statement; (d) where applicable, a true copy of any change order approved by the Co-Lessees increasing the purchase price over the amount specified in the Purchase Agreement; (e) an opinion satisfactory to the Lessor of counsel to the Co-Lessees regarding various matters which may include, but shall not necessarily be limited to, the perfection of the Lessor's security interest in the Equipment and the purchase documentation; (f) certificates of insurance demonstrating compliance with the insurance provisions of Article VIII with respect to the Equipment financed by the Schedule; (g) collateral assignment of the Equipment purchase documentation, including any manufacturer-provided bonds (which collateral assignment may be accomplished by dual obligee rider) or letter of credit; (h) waivers of liens and claims, if any, executed by the Vendors and any subcontractor which has provided any work or materials for such Equipment, showing payment of all costs incurred in providing such work or materials, in an amount equal to the amount requested for payment; (i) evidence of filing of appropriate instruments with the United States Surface Transportation Board and/or UCC financing statements as may be required to perfect the Lessor's security interest in the Equipment to be financed with the proceeds of such requisition, if required by the Lessor; and (j) bills of sale for any item of such Equipment for which a bill of sale may be delivered.

Notwithstanding any provision hereof to the contrary, the Co-Lessees also may requisition from the Acquisition Escrow Fund any investment earnings on such Fund in order to apply such amounts to Rental Payments due hereunder.

The signers of the requisition may rely, as to conclusions of law, on an opinion of counsel furnished to the Lessor and referred to in the requisition. Prior to payment pursuant to the requisition it shall be certified for payment on behalf of the Lessor by an Authorized Officer.

The Lessor may waive any provision required to be contained in the requisition upon advice of counsel that the waiver does not adversely affect the security for this Master Lease.

Section 15.06 Completion of Acquisition of the Equipment. The Co-Lessees on behalf of Lessor shall cause the Equipment to be acquired free of any liens or claims of others except

for this Master Lease. In the event moneys available in the Acquisition Escrow Fund are insufficient, the Co-Lessees shall pay the remainder of the cost of such acquisition from its own funds. Any such payment shall not be a credit against, nor result in a reduction of, Rental Payments, Additional Rents or other amounts payable by the Co-Lessees under this Master Lease. Completion of the acquisition of the Equipment identified by a particular Schedule shall be evidenced by the Co-Lessees's filing with the Lessor and the Escrow Agent a certificate signed by an Authorized Officer of the Co-Lessees stating that such Equipment has been received and accepted and indicating the amount, if any, of funds then remaining in the related account within the Acquisition Escrow Fund. At such time the Co-Lessees and the Lessor shall execute, deliver and/or file such documents or assurances, including amendments to UCC filings, as may be necessary to reflect accurately the items of Equipment financed by the Lease Proceeds derived from such Schedule. Any balance in such account not then needed to pay Acquisition Costs shall on the date the next Rental Payment is due under such Schedule be applied pro rata to the prepayment of the principal components of the outstanding Rental Payments under such Schedule in accordance with Section 11.04(b) hereof and such Schedule. The remaining Rental Payments shall be recomputed based upon the reduced principal balance and the applicable Schedule shall be amended to reflect such prepayment of principal. The Lessor and the Co-Lessees shall execute the revised Schedule to acknowledge such change.

Section 15.07 Compliance with Rebate Requirement. (a) The Co-Lessees covenant to comply with their No Arbitrage Certificate delivered at the Closing of each Schedule, the terms of which are hereby incorporated by reference into this Master Lease.

For the purpose of complying with Section 148(f) of the Code and the regulations thereunder (the "Rebate Provision"), within forty-five (45) days after the close of each Lease Year (or any earlier date that may be necessary to make a required payment to the United States under Subsection (c) below), the Co-Lessees shall compute the amount of the Excess (as defined in Subsection (b) below), if any, for each Schedule as of the close of such Lease Year. For purposes of this subsection and Subsection (b), (i) computations of Excess shall be made as if the last day of the applicable Lease Year were an "installment computation date" within the meaning of Treas. Reg. §1.148-3(e)(1)(ii), or any successor regulation and (ii) an Excess with respect to a Schedule shall not be less than zero.

(b) Excess. "Excess" means the sum of

(i) the excess of

(A) the aggregate amount earned on all Nonpurpose Investments (other than investments attributable to an excess described in this subparagraph) attributable to the Gross Proceeds of the applicable Schedule including those in the Acquisition Escrow Fund and Expense Fund, over

(B) the amount which would have been earned if such Nonpurpose Investments were invested at a rate equal to the yield (determined in accordance with the Rebate Provision) on the Schedule to which such Gross Proceeds are attributable, plus

- (ii) any income attributable to the Excess described in subparagraph (i) above.

The amount of any calculated Excess shall be reduced by any payments made to the United States pursuant to Subsection (c). The terms "Nonpurpose Investment" and "Gross Proceeds" shall have the meanings given in the Rebate Provision and shall be applied as provided therein.

(c) Payment of Rebate to the United States.

(i) No later than sixty (60) days after the close of the fifth Lease Year following the date of execution of a Schedule (or any earlier date that may be required to comply with the Rebate Provision) and the close of each fifth Lease Year thereafter, the Co-Lessees shall pay to the United States the full amount then required to be paid under the Rebate Provision as certified by the Co-Lessees in accordance with Subparagraph (c)(ii). Within sixty (60) days after a given Schedule has been paid in full, the Co-Lessees shall pay to the United States the full amount then required to be paid under the Rebate Provision as certified by the Co-Lessees in accordance with Subparagraph (c)(ii). Each such payment shall be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255 or any successor location specified by the Internal Revenue Service, accompanied by a Form 8038 (or other similar information reporting form) furnished by the Co-Lessees.

(ii) No later than fifteen (15) days prior to each date on which a payment could become due under Subsection (c)(i) above (a "Rebate Payment Date"), the Lessor shall deliver to the Co-Lessees and the Escrow Agent a certificate either summarizing the determination that no amount is required to be paid or specifying the amount then required to be paid pursuant to Subsection (c)(i).

(d) Records. The Co-Lessees and the Escrow Agent shall keep such records as will enable them to fulfill their responsibilities under this section and the Rebate Provision.

(e) Interpretation of this Section. The purpose of this section is to satisfy the requirements of the Rebate Provision. Accordingly, this section shall be construed so as to meet such requirements. The Co-Lessees covenant that all action taken under this section shall be taken in a manner that complies with the Rebate Provision and that they shall neither take any action nor omit to take any action that would cause this Master Lease to be an "arbitrage bond" within the meaning of the Code by reason of the failure to comply with the Rebate Provision.

(f) Prompt Expenditure of Proceeds. The Co-Lessees may exclude from their computation of an Excess required by Subsection 15.07(a) any Gross Proceeds that are not subject to rebate pursuant to Section 148(f)(4)(B) of the Code.

(g) Compliance by the Co-Lessees. To the extent any payment of rebatable arbitrage is either insufficient or not timely made to the United States, the Co-Lessees shall pay to the United States any deficiency, correction amount, interest, penalty, or other amount necessary to prevent any Schedule from becoming an arbitrage bond within the meaning of Section 148 of the Code. The Co-Lessees covenants that to the extent necessary it shall obtain the advice and assistance of experts to aid it in complying with the Rebate Provision.

ARTICLE XVI
RESERVED

ARTICLE XVII
MISCELLANEOUS

Section 17.01 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered by hand or overnight courier or mailed by registered mail, postage prepaid, to the parties at their addresses specified at the beginning of this Master Lease.

Section 17.02 Binding Effect. This Master Lease shall inure to the benefit of and shall be binding upon the Lessor, the Co-Lessees, the Escrow Agent, and their respective successors and assigns.

Section 17.03 Severability. In the event any provision of this Master Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof

Section 17.04 Amendments. To the extent permitted by law, the terms of this Master Lease shall not be waived, altered, modified, supplemented or amended in any manner whatsoever except by written instrument signed by the parties hereto, and then such waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given; nor shall any such amendment that affects the rights or obligations of the Escrow Agent be effective without such party's consent.

Section 17.05 Execution in Counterparts. This Master Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument and any of the parties hereto may execute this Master Lease by signing any such counterpart.

Section 17.06 Applicable Law. This Master Lease shall be governed by and construed in accordance with the laws of the State.

Section 17.07 Captions. The captions or headings in this Master Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Master Lease.

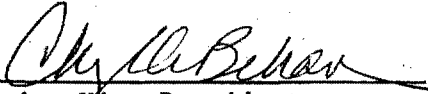
Section 17.08 Entire Agreement. This Master Lease together with Schedules attached constitutes the entire agreement between the Lessor, the Co-Lessees and the Escrow Agent. There are no understandings, agreements, representations or warranties, express or implied, not specified herein regarding this Master Lease or the Equipment leased hereunder. Any terms and conditions of any purchase order or other document (with the exception of supplements) submitted by the Co-Lessees in connection with this Master Lease which are in addition to or inconsistent with the terms and conditions of this Master Lease will not be binding on the Lessor and will not apply to this Master Lease.

[Signature Page[s] Follow[s]]

IN WITNESS WHEREOF, the parties hereto have executed this Master Lease under seal in their respective corporate names by their duly Authorized Officers, all as of the date first written above.

LESSOR:

BTM FUNDING CORPORATION

By: 
Title: Senior Vice President

CO-LESSEES:

NORTHERN VIRGINIA TRANSPORTATION
DISTRICT COMMISSION

By: _____
Richard K. Taube, Executive Director

POTOMAC AND RAPPAHANNOCK
TRANSPORTATION DISTRICT COMMISSION

By: _____
Alfred H. Harf, Executive Director

ACKNOWLEDGED AND ACCEPTED:

ESCROW AGENT:

SUNTRUST BANK

By: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have executed this Master Lease under seal in their respective corporate names by their duly Authorized Officers, all as of the date first written above.

LESSOR:

BTM FUNDING CORPORATION

By: _____
Title: _____

CO-LESSEES:

NORTHERN VIRGINIA TRANSPORTATION
DISTRICT COMMISSION

By: Richard K. Taube
Richard K. Taube, Executive Director

POTOMAC AND RAPPAHANNOCK
TRANSPORTATION DISTRICT COMMISSION

By: Alfred H. Harf
Alfred H. Harf, Executive Director

ACKNOWLEDGED AND ACCEPTED:

ESCROW AGENT:

SUNTRUST BANK

By: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have executed this Master Lease under seal in their respective corporate names by their duly Authorized Officers, all as of the date first written above.

LESSOR:

BTM FUNDING CORPORATION

By: _____
Title: _____

CO-LESSEES:

NORTHERN VIRGINIA TRANSPORTATION
DISTRICT COMMISSION

By: _____
Richard K. Taube, Executive Director

POTOMAC AND RAPPAHANNOCK
TRANSPORTATION DISTRICT COMMISSION

By: _____
Alfred H. Harf, Executive Director

ACKNOWLEDGED AND ACCEPTED:

ESCROW AGENT:

SUNTRUST BANK

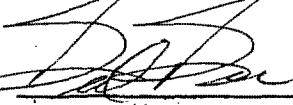
By:  _____
Title: Trust Officer

EXHIBIT A

Requisition No. _____

MASTER LEASE BETWEEN BTM FUNDING CORPORATION ("LESSOR") AND
NORTHERN VIRGINIA TRANSPORTATION DISTRICT COMMISSION
AND POTOMAC AND RAPPAHANNOCK TRANSPORTATION DISTRICT COMMISSION
("CO-LESSEES")

Dated May 1, 2005

Schedule No. []

REQUISITION FOR PAYMENT FROM ACQUISITION ESCROW FUND

1. The sums requisitioned hereunder are for Acquisition Costs relating to Equipment identified in Schedule [] to the above-referenced Master Lease.

2. (a) The following sums are requisitioned for payment to other than the Co-Lessees:

<u>Item No.</u>	<u>Amount</u>	<u>Payee's Invoice No.</u>	<u>Payee</u>	<u>Purpose</u>
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(b) The amount of \$_____, representing earnings on the Acquisition Escrow Fund, is requisitioned for payment of a portion of the Rental Payment due under Schedule No. _____ on _____.

3. This requisition is for Acquisition Costs which have not been the basis of a prior or contemporaneous requisition or of a prior payment to the Co-Lessees in connection with the sale/lease-back of items of Equipment identified on Schedule [] and which have not been paid from gifts or grants received by the Co-Lessees. It is for work actually performed or material, equipment or other plans and specifications. It contains no amount entitled to be retained, and it is not for any liability paid or incurred on or before _____.

4. The items covered by the requisition have been performed or delivered to the Co-Lessees and are in accordance with all applicable historic landmark laws and are in accordance in all material respects with all applicable building, zoning, land use, environmental protection, sanitary, safety, health care and educational, laws, rules and regulations, all applicable grant, reimbursement and insurance requirements and the provisions of the Master Lease. All permits, licenses and approvals required for the items covered by this requisition have been obtained.

5. The representations of the Co-Lessees contained in the Master Lease are true and correct as of this date, and the Co-Lessees are not in breach of any of the covenants contained therein.

6. The signer of the requisition may rely, as to conclusions of law, on an opinion of counsel furnished to the Co-Lessees in connection with the delivery of the Schedule referenced above.

7. The Co-Lessees may waive any provision required to be contained in the requisition upon advice of counsel that the waiver does not adversely affect the security for the Schedule referred to herein or the exclusion from gross income of the Lessor of the interest component of the Rental Payments due under such Schedule for federal income tax purposes.

NORTHERN VIRGINIA TRANSPORTATION
DISTRICT COMMISSION

and

POTOMAC AND RAPPAHANNOCK
TRANSPORTATION DISTRICT COMMISSION
as Co-Lessees

Dated:

By _____
Authorized Officer

SCHEDULE NO. _____ OF LEASED EQUIPMENT AND RENTAL PAYMENTS

1. The Equipment identified on this Schedule will be used on Co-Lessees's lines in the District of Columbia and Virginia.
2. The Equipment which is the subject of this Schedule is as follows:

Quantity	Car Type, Car Number and Car Mark	Contract Price
	(as described in the attached Exhibit A)	

3. The Co-Lessees hereby certify that the description of the Equipment set forth above constitutes an accurate description of the "Equipment," as defined in the Master Lease, that is the subject of this Schedule.
4. The payment dates, principal and interest components of the Rental Payments and the Purchase Price of the Equipment at any given time during the Lease Term are as follows:

Payment No.	Payment Date	Principal* Component	Interest* Component	Total* Rental Payment	Purchase* Price
----------------	-----------------	-------------------------	------------------------	-----------------------------	--------------------

- B-1

and the balance is for deposit to the Acquisition Escrow Fund. [The total Acquisition Cost of all the Equipment is \$_____.

6. The Lease Term of this Schedule shall be _____ months, commencing _____.
7. The Acquisition Period applicable to this Schedule shall end at the conclusion of the [_____] month following the date hereof.

BTM FUNDING CORPORATION,
as Lessor

By: _____
Title: _____

NORTHERN VIRGINIA TRANSPORTATION
DISTRICT COMMISSION

and

POTOMAC AND RAPPAHANNOCK
TRANSPORTATION DISTRICT COMMISSION
as Co-Lessees

Dated: _____

By: _____
Authorized Officer

*Expressed as percentage of Acquisition Cost.

ACKNOWLEDGED:

SUNTRUST BANK
as Escrow Agent

By: _____
Title: _____

CERTIFICATE OF ACCEPTANCE

The undersigned, a duly authorized officer of Northern Virginia Transportation District Commission and Potomac and Rappahannock Transportation District Commission (the "Co-Lessees") under the Master Lease Agreement (the "Master Lease") dated as of May 1, 2005, between BTM Funding Corporation, as Lessor and the Co-Lessees hereby certify:

Item of Equipment	Car Type, Mark and Number	Serial Number (if applicable)

3. That, with respect to the Schedule, the undersigned hereby reaffirm in all respects the No Arbitrage Certificate of the Co-Lessees delivered in connection with Schedule No. _____ to the Master Lease, and represent that, to the best of their knowledge, information and belief, the expectations expressed therein were reasonable as of the date on which they were made, and are reasonable as of the date hereof, and that no facts, estimates or circumstances other than those expressed therein would materially affect the expectations expressed therein.

NORTHERN VIRGINIA TRANSPORTATION
DISTRICT COMMISSION

and

POTOMAC AND RAPPAHANNOCK
TRANSPORTATION DISTRICT COMMISSION
as Co-Lessees

By: _____
Authorized Officer

4

SCHEDULE NO. 1 OF LEASED EQUIPMENT AND RENTAL PAYMENTS

Schedule No. 1 to the Master Lease Agreement dated as of May 1, 2005 (the "Master Lease"), among BTM Funding Corporation, as Lessor (the "Lessor"), Northern Virginia Transportation District Commission and Potomac and Rappahannock Transportation District Commission, as Co-Lessees (the "Co-Lessees"), and SunTrust Bank, as Escrow Agent (the "Escrow Agent"). All of the provisions of the Master Lease are incorporated herein by reference and capitalized terms used herein shall have the meanings assigned to them in the Master Lease.

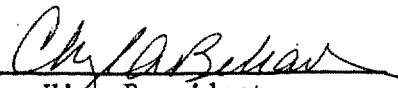
1. The Equipment identified on this Schedule will be used on Co-Lessees's lines in the District of Columbia and Virginia.
2. The Equipment which is the subject of this Schedule is:

(as described on the attached Exhibit A)
3. The Co-Lessees hereby certify that the description of the Equipment set forth above constitutes an accurate description of the "Equipment," as defined in the Master Lease, that is the subject of this Schedule.
4. The payment dates, principal and interest components of the Rental Payments and the Purchase Price of the Equipment at any given time during the Lease Term are as follows:

(as described on the attached Exhibit B)
5. The Lease Proceeds which the Lessor shall pay to the Escrow Agent in connection with this Schedule is \$25,100,000, of which \$260,000 is for deposit to the Expense Fund and the balance is \$24,840,000 for deposit to the Acquisition Escrow Fund.
6. The Lease Term of this Schedule shall be:

(as shown on Exhibit B)
7. The Acquisition Period applicable to this Schedule is generally described in Exhibit C and shall end upon delivery of the final Certificate of Acceptance with respect to the Equipment identified on this Schedule.

**BTM FUNDING CORPORATION,
as Lessor**

By: 
Title: Senior Vice President

**NORTHERN VIRGINIA TRANSPORTATION
DISTRICT COMMISSION**

and

**POTOMAC AND RAPPAHANNOCK
TRANSPORTATION DISTRICT COMMISSION
as Co-Lessees**

Dated: May 23, 2005

By: _____
**Richard K. Taube, Executive Director of
Northern Virginia Transportation District
Commission**

By: _____
**Alfred H. Harf, Executive Director of
Potomac and Rappahannock Transportation
District Commission**

ACKNOWLEDGED:

**SUNTRUST BANK
as Escrow Agent**

By: _____
Title: _____

BTM FUNDING CORPORATION,
as Lessor

By: _____
Title: _____

NORTHERN VIRGINIA TRANSPORTATION
DISTRICT COMMISSION

and

POTOMAC AND RAPPAHANNOCK
TRANSPORTATION DISTRICT COMMISSION
as Co-Lessees

Dated: May 23, 2005

By: Richard K. Taube
Richard K. Taube, Executive Director of
Northern Virginia Transportation District
Commission

By: Alfred H. Harf
Alfred H. Harf, Executive Director of
Potomac and Rappahannock Transportation
District Commission

ACKNOWLEDGED:

SUNTRUST BANK
as Escrow Agent

By: _____
Title: _____

BTM FUNDING CORPORATION,
as Lessor

By: _____
Title: _____

NORTHERN VIRGINIA TRANSPORTATION
DISTRICT COMMISSION

and

POTOMAC AND RAPPAHANNOCK
TRANSPORTATION DISTRICT COMMISSION
as Co-Lessees

Dated: May 23, 2005

By: _____
Richard K. Taube, Executive Director of
Northern Virginia Transportation District
Commission

By: _____
Alfred H. Harf, Executive Director of
Potomac and Rappahannock Transportation
District Commission

ACKNOWLEDGED:

SUNTRUST BANK
as Escrow Agent

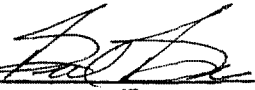
By:  _____
Title: Trust Officer

Exhibit A

The cars are 11 two-level, balcony-style gallery cab-control passenger cars with ADA toilets to be manufactured by Sumitomo Corporation of America. The cars are approximately 85' long, are climate controlled with stainless steel exteriors and will be certified for speeds up to 90 MPH. Seating capacity is 125. Car width is approximately 10'4" and car height is slightly less than 16'2". The car weight is 128,500 lb. ready to run (AWO).

The vehicles are used in push-pull service with the motive power provided by a diesel-electric locomotive; the cars are controlled by the locomotive when in the push mode and controlled by the cab car when in the pull mode. The cars have a service life of not less than 30 years.

The cars are expected to be delivered periodically as completed between December of 2006 and February of 2007.

The Co-Lessees shall provide such additional identifying information (manufacturer serial numbers, United States Surface Transportation Board registration numbers, etc.) as may be available with respect to the cars in connection with each Requisition submitted pursuant to this Schedule.

Exhibit B

SA Period	Date	Scheduled Balance	Scheduled Accrued Interest @ 4.59%	Scheduled Principal Repayment	Scheduled Payments
0	May-05	25,100,000.00	0.00	0.00	0.00
1	Nov-05	24,710,366.49	576,045.00	389,633.51	965,678.51
2	May-06	24,311,790.89	567,102.91	398,575.60	965,678.51
3	Nov-06	23,904,067.99	557,955.60	407,722.91	965,678.51
4	May-07	23,486,987.84	548,598.36	417,080.15	965,678.51
5	Nov-07	23,060,335.70	539,026.37	426,652.14	965,678.51
6	May-08	22,623,891.90	529,234.70	436,443.80	965,678.51
7	Nov-08	22,177,431.71	519,218.32	446,460.19	965,678.51
8	May-09	21,720,725.26	508,972.06	456,706.45	965,678.51
9	Nov-09	21,253,537.40	498,490.64	467,187.86	965,678.51
10	May-10	20,775,627.57	487,768.68	477,909.83	965,678.51
11	Nov-10	20,286,749.71	476,800.65	488,877.86	965,678.51
12	May-11	19,786,652.11	465,580.91	500,097.60	965,678.51
13	Nov-11	19,275,077.27	454,103.67	511,574.84	965,678.51
14	May-12	18,751,761.79	442,363.02	523,315.48	965,678.51
15	Nov-12	18,216,436.21	430,352.93	535,325.58	965,678.51
16	May-13	17,668,824.91	418,067.21	547,611.30	965,678.51
17	Nov-13	17,108,645.94	405,499.53	560,178.98	965,678.51
18	May-14	16,535,610.85	392,643.42	573,035.08	965,678.51
19	Nov-14	15,949,424.61	379,492.27	586,186.24	965,678.51
20	May-15	15,349,785.40	366,039.29	599,639.21	965,678.51
21	Nov-15	14,736,384.47	352,277.57	613,400.93	965,678.51
22	May-16	14,108,905.98	338,200.02	627,478.48	965,678.51
23	Nov-16	13,467,026.87	323,799.39	641,879.12	965,678.51
24	May-17	12,810,416.62	309,068.27	656,610.24	965,678.51
25	Nov-17	12,138,737.18	293,999.06	671,679.45	965,678.51
26	May-18	11,451,642.69	278,584.02	687,094.49	965,678.51
27	Nov-18	10,748,779.38	262,815.20	702,863.31	965,678.51
28	May-19	10,029,785.36	246,684.49	718,994.02	965,678.51
29	Nov-19	9,294,290.42	230,183.57	735,494.93	965,678.51
30	May-20	8,541,915.88	213,303.97	752,374.54	965,678.51
31	Nov-20	7,772,274.34	196,036.97	769,641.54	965,678.51
32	May-21	6,984,969.53	178,373.70	787,304.81	965,678.51
33	Nov-21	6,179,596.07	160,305.05	805,373.46	965,678.51

Exhibit C

Draw Schedule for Rail Car Purchase

	Construction	Oversight/Fees	Contingency	Total	Cumulative	Balance	Int. Earnings
	22,943,833	1,760,000	396,167	25,100,000			3.00%
2005							
May	2,294,383	-		2,294,383	2,294,383	22,805,617	57,014
June		380,000		380,000	2,674,383	22,425,617	56,064
July		120,000		120,000	2,794,383	22,305,617	55,764
August		120,000		120,000	2,914,383	22,185,617	55,464
September		120,000		120,000	3,034,383	22,065,617	55,164
October		120,000		120,000	3,154,383	21,945,617	54,864
November		120,000		120,000	3,274,383	21,825,617	54,564
December		120,000		120,000	3,394,383	21,705,617	54,264
2006							
January		120,000		120,000	3,514,383	21,585,617	53,964
February		31,764		31,764	3,546,148	21,553,852	53,885
March		31,764		31,764	3,577,912	21,522,088	53,805
April		31,764		31,764	3,609,676	21,490,324	53,726
May		31,764		31,764	3,641,441	21,458,560	53,646
June		31,764		31,764	3,673,205	21,426,795	53,567
July		31,764		31,764	3,704,969	21,395,031	53,488
August		31,764		31,764	3,736,733	21,363,267	53,408
September		31,764		31,764	3,768,498	21,331,502	53,329
October		31,764		31,764	3,800,262	21,299,738	53,249
November		31,764		31,764	3,832,026	21,267,974	53,170
December	4,880,779	31,764		4,912,543	8,744,570	16,355,430	40,889

2007	January	6,507,705	31,764		6,539,470	15,284,039	9,815,961	24,540
	February	6,507,705	31,764	79,233	6,618,703	21,902,742	3,197,258	7,993
	March	750,889	31,764	79,233	861,887	22,764,629	2,335,371	5,838
	April	1,001,185	31,764	79,233	1,112,183	23,876,812		
	May	1,001,185	31,764	79,233	1,112,183	24,988,995		
	June & after		31,771	79,233	111,005	25,100,000	2,224,366	5,561
	Total	22,943,833	1,760,000	396,167	25,100,000	0		1,117,220

NOTE: Interest earnings are not compounded.

Calculations:			
	3 cars	4 cars	
Per car	2,085,803	6,257,409	8,343,212
10%	208,580	625,741	834,321
78%	1,626,926	4,880,779	6,507,705
12%	250,296	750,889	1,001,185
Check line	2,085,803	6,257,409	8,343,212

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COLLATERAL ASSIGNMENT OF CONTRACTS

NORTHERN VIRGINIA TRANSPORTATION DISTRICT COMMISSION and POTOMAC AND RAPPAHANNOCK TRANSPORTATION DISTRICT COMMISSION (together, the "Co-Lessees") hereby assign to BTM FUNDING CORPORATION (the "Lessor") all of the Co-Lessees' right, title and interest in and to, and remedies under Contract No. VRE-05-006 dated May 20, 2005 between the Co-Lessees and Sumitomo Corporation of America ("Sumitomo"), all "Contract Documents," as defined therein, and the Zurich Surety performance bond provided by Sumitomo in connection therewith (collectively, the "Collateral Agreements"). The Lessor's right to take over all of the Co-Lessees' right, title and interest in and to and remedies under the Collateral Agreements shall be effective solely upon the occurrence of an "Event of Default" as defined in the Master Lease Agreement dated as of May 1, 2005 between the and among Co-Lessees, the Lessor and SunTrust Bank, as escrow agent, and shall be subject to any and all defenses and rights of set-off which Sumitomo may have against the Co-Lessees (whether acquired by Sumitomo before or after this assignment) such that the Lessor will acquire no greater rights or remedies to enforce the Collateral Agreements than the Co-Lessees would have had if there was no such assignment.

The Lessor does not hereby assume any of the Co-Lessees' liabilities, duties or obligations under the Collateral Agreements. The Co-Lessees shall remain fully liable for the performance of all duties and obligations required on their part under the Collateral Agreements.

The Co-Lessees agree to abide by, perform and discharge all material obligations to be performed by the Co-Lessees under the Collateral Agreements, as well as use reasonable efforts to enforce or secure the performance of all material obligations of the other parties to the Collateral Agreements. The Co-Lessees shall promptly send to the Lessor any written notice of default received by the Co-Lessees with respect to the Collateral Agreements and shall give the Lessor an opportunity to cure such default within the same cure period given the Co-Lessees.

The Co-Lessees covenant that the copy of each of the Collateral Agreements delivered to the Lessor on the date hereof is a true and correct copy thereof and that each of the Collateral Agreements has not been amended and remains in full force and effect. The Co-Lessees covenant further that they have not executed any prior assignment of any of the Collateral Agreements or of their right, title and interest in any of them and have done all material things which are necessary to keep unimpaired their rights under each of the Collateral Agreements and have not performed any act or executed any instrument which might prevent the Lessor from taking over the rights thereto. The Co-Lessees represent that, to their knowledge, there is no material default or any event which with notice or lapse of time or both would constitute a material default under the Collateral Agreements.

[Signature Page Follows]

IN WITNESS WHEREOF, this Collateral Assignment of Contracts has been executed and delivered by the Co-Lessees in favor of the Lessor this 23rd day of May, 2005.

NORTHERN VIRGINIA TRANSPORTATION
DISTRICT COMMISSION

By: Richard K. Taube
Richard K. Taube,
Executive Director

POTOMAC AND RAPPAHANNOCK
TRANSPORTATION DISTRICT COMMISSION

By: Alfred H. Harf
Alfred H. Harf,
Executive Director

NORTHERN VIRGINIA TRANSPORTATION DISTRICT COMMISSION AND
POTOMAC AND RAPPAHANNOCK TRANSPORTATION DISTRICT COMMISSION

NON-ARBITRAGE AND TAX CERTIFICATE

THIS NON-ARBITRAGE AND TAX CERTIFICATE (this "Tax Certificate"), of Northern Virginia Transportation District Commission ("NVTC") and Potomac and Rappahannock Transportation District Commission ("PRTC," and, together with NVTC, the "Co-Lessees"), is delivered in connection with the Master Lease Agreement dated as of May 1, 2005 between the Co-Lessees, BTM Funding Corporation and SunTrust Bank (the "Escrow Agent"), and Equipment Schedule No. 1 thereto (together, the "Lease"), which Lease will be executed and delivered on the date of this Certificate (the "Closing Date").

The Co-Lessees have determined (1) to finance the cost of certain rail cars (the "Equipment") to be used in connection with Co-Lessees' commuter rail service (the "VRE") pursuant to the Lease, and (2) to pay certain expenses incurred in connection with the execution and delivery of the Lease (the "Costs of Issuance").

The Internal Revenue Code of 1986, as amended (the "Code"), the Treasury Regulations (including final, temporary and proposed regulations) promulgated thereunder and the rulings with respect thereto impose certain limitations on the use and operation of the facilities financed with the proceeds of the Lease and on the use and investment of such proceeds.

Such provisions of the Code and the Treasury Regulations and the rulings with respect thereto set forth certain conditions under which the interest portion of the Rental Payments made and to be made with respect to the Lease are excludable from gross income for federal income tax purposes.

The Co-Lessees have determined to execute this Tax Certificate in order to set forth certain terms and conditions relating to the use and investment of proceeds of the Lease in order to assure that the interest portion of Rental Payments made or to be made with respect to the Lease will continue to be excludable from gross income for federal income tax purposes.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and pursuant to Section 1. 148-2(b)(2) of the Treasury Regulations, the Co-Lessees hereby certify, covenant and agree in good faith as follows:

PART A. GENERAL

Section 1. Purpose of Certificate. The Co-Lessees acknowledge that McGuireWoods LLP ("Lease Counsel") will rely on the representations and the certifications made herein as a part of its diligence in rendering its opinion that the interest portion of Rental Payments made or to be made with respect to the Lease is excludable from gross income for federal income tax purposes.

Section 2. RESERVED.

Section 3. Delivery of Lease. The Lease is being executed and delivered by the Co-Lessees on the date hereof (the "Closing Date") to BTM Funding Corporation, as Lessor (the "Lessor"), upon payment of the purchase price of the Equipment under the Lease by the Lessor (the "Closing"). The purchase price of \$25,100,000 equals the principal amount financed under of the Lease. The foregoing principal amount is the "sale proceeds" for arbitrage purposes. The effective date of the Lease is the Closing Date, so there is no accrued interest. On the Closing Date, there will be no transferred proceeds from any other issues, and no investment proceeds will have been earned or recognized by the Co-Lessees. Accordingly, the sale proceeds equal "proceeds" for arbitrage purposes on the Closing Date.

Section 4. Reasonable Expectations and Reliance on Other Parties. The expectations of the Co-Lessees set forth herein are the reasonable expectations of the Co-Lessees on the Closing Date. The Co-Lessees are not aware of any facts or circumstances that would cause them to question the accuracy or reasonableness of any representation made herein.

Section 5. Definitions: Capitalized Terms. All capitalized terms used in this Tax Certificate and not specifically defined herein shall have the meanings given such terms in the Lease.

PART B. GOVERNMENTAL BONDS

In the Lease, the Co-Lessees covenanted, among other things, to comply with the provisions set forth in this document. The undersigned officers represent, covenant, agree and elect on behalf of the Co-Lessees for the benefit of the Lessor as follows:

Section 1. In General. (a) The Co-Lessees agree that they will not take any action, or omit to take any action, if any such action or omission would adversely affect the exclusion from gross income of interest on the interest portion of the Rental Payments under Section 103 of the Code. The Co-Lessees agree that they will not directly or indirectly use or permit the use of any of the proceeds of the Lease or any other funds of the Co-Lessees or take or omit to take any action that would cause the Lease to be an "arbitrage bond" under Section 148(a) of the Code. To these ends, the Co-Lessees will comply with all requirements of Sections 141 through 150 of the Code, including the rebate requirement of Section 148(f), to the extent applicable to the Lease.

(b) Notwithstanding any provisions of this Section, if the Co-Lessees shall obtain an opinion of nationally-recognized bond counsel to the effect that compliance with any provision set forth in this Section or in any other Section of this Part B is not required to maintain the exclusion from gross income of the interest on the Lease under Section 103 of the Code, the Co-Lessees shall not be required to comply with the provision.

Section 2. Private Activity Bond Limitations. (a) (1) The Co-Lessees will not exceed the private use restrictions set forth in Section 141 of the Code with respect to the Lease. Specifically, the Co-Lessees will not permit more than 10% of the proceeds of the Lease to be used for a Private Business Use if, in addition, the payment of more than 10% of the principal of

or interest on the Lease is, directly or indirectly, (i) secured by (A) any interest in property used or to be used for a Private Business Use or (B) any interest in payments in respect of such property or (ii) derived from any payment in respect of property or borrowed money used or to be used for Private Business Use.

(2) In addition, if (i) more than 5% of the proceeds of the Lease are used as described above with respect to Private Business Use and (ii) more than 5% of the principal of or interest on the Lease is secured by or derived from Private Business Use property or payments as described above, then the excess over such 5% (the "Excess Private Use Portion") will be used for a Private Business Use related to the governmental use of one of the projects financed with the Lease. Any such Excess Private Use Portion of proceeds of the Lease will not exceed the amount of proceeds of the Lease used for the governmental use of the particular project to which such Excess Private Use Portion is related.

(b) As of the Closing Date, the Co-Lessees reasonably expect to use or to cause the use of the proceeds of the Lease and all of the property financed or refinanced therewith in a manner that satisfies all the applicable requirements for tax-exempt bonds under Sections 103 and 141 through 150 of the Code for the entire term of the Lease.

(c) The Co-Lessees agree not to enter into or to permit any other entity to enter into any Service Contract with a Private User except in compliance with Revenue Procedure 97-13, 1997-1 C.B. 632, as modified by Revenue Procedure 2001-29, I.R.B. 2001-28.

(d) (1) "Private Business Use" means Use of Lease proceeds or Lease-financed property directly or indirectly in a Trade or Business carried on by a Private User.

(2) "Private User" means any natural person, firm, joint venture, association, partnership, business trust, corporation or any other entity (including the federal government and any of its agencies and instrumentalities) that is not a state or local governmental unit within the meaning of Section 141 of the Code.

(3) "Service Contract" means a contract under which a Private User will provide services involving all, a portion or any function of any property financed or refinanced with the proceeds of the proceeds. For example, a Service Contract includes a contract for the provision of management services for all or any portion of a project financed by the proceeds. Contracts for services that are solely incidental to the primary governmental function or functions of a project financed by the proceeds (for example, contracts for janitorial, office equipment repair, billing, or similar services) are not included in this definition. Additional contracts not included in this definition are (i) a contract to provide for services by a Private User if the only compensation is the reimbursement of the Private User for actual and direct expenses paid by the Private User to unrelated parties and (ii) a contract to provide for the operations by a Private User of

a facility or system of facilities that consists predominately of public utility property (within the meaning of Section 168(i)(10) of the Code), if the only compensation is the reimbursement of actual and direct expenses of the Private User and reasonable administrative overhead expenses of the Private User.

(4) "Trade or Business: shall have the meaning set forth in Section 141(b)(6)(B) of the Code, and includes, with respect to any Private User other than a natural person, any activity carried on by such Private User.

(5) "Use" or "Used" shall have the meaning set forth in Section 141(b)(1) of the Code. Under Section 141(b)(1), the Use of Lease-financed property is treated as Use of Lease proceeds. A Private User may Use Lease proceeds and Lease-financed property as a result of, among other ways, (i) ownership of Lease-financed property; (ii) actual or beneficial use of Lease-financed property pursuant to a lease or a management or incentive payment contract; or (iii) any other arrangement such as a take-or-pay or other output-type contract. Use by a Private User on the same basis as the general public is not taken into account. However, Use in a Trade or Business by all Private Users on a basis different from the general public shall be aggregated in determining whether the threshold set forth in subsection (a) above has been exceeded.

(e) Not more than 5% of the proceeds of the Lease will be used, directly or indirectly, to make or finance loans to Private Users.

Section 3. Registration Requirement. The Co-Lessees agree to maintain the Lease in registered form within the meaning of Section 149(a) of the Code.

PART C. ARBITRAGE

Section 1. Proceeds and Other Moneys. On the basis of the facts, estimates and circumstances in existence on the date hereof, the Co-Lessees reasonably expect to use the proceeds of the Lease as described therein.

Section 2. No Sale or Disposition of the Equipment. The Co-Lessees do not expect to sell or otherwise dispose of the Equipment or any component thereof prior to the date of the final Rental Payment under the Lease.

Section 3. Expenditure, Time and Due Diligence Tests. With respect to arbitration requirements, the Co-Lessees reasonably expect that at least eighty-five percent (85%) of the net sale proceeds of the Lease will be allocated to expenditures for the Equipment within three years of the date hereof. The Co-Lessees have incurred or will incur within six (6) months of the date hereof substantial binding obligations (i.e., not subject to contingencies within the control of the Co-Lessees or a related party) to third parties to expend at least five percent (5%) of the net sale proceeds of the Lease on Equipment cost. The allocation of net sale proceeds to expenditures for the Equipment will proceed with due diligence to completion thereof.

Section 4. No Overissuance. The total proceeds derived by the Co-Lessees from the sale of the Lease and anticipated related investment proceeds, together with other available moneys of the Co-Lessees to be applied to pay a portion of the Costs of Issuance and anticipated earnings thereon, do not exceed the total of the amounts necessary for the governmental purposes described above.

Section 5. No Replacement. No portion of the proceeds of the Lease will be used as a substitute for other funds that were otherwise to be used to finance the Equipment Cost and that have been or will be used to acquire directly or indirectly securities or obligations or other investment property producing a yield in excess of the yield on the Lease.

Section 6. RESERVED.

Section 7. Investment of Gross Proceeds. The proceeds derived from the Lease and other amounts described in this Tax Certificate will be invested as follows:

(a) Proceeds of the Lease.

(i) Costs of Issuance. Proceeds derived from the Lease to be applied to pay Costs of Issuance may be invested at an unrestricted yield for a period not to exceed three years from the date hereof and, thereafter may be invested at a yield not in excess of the yield on the Lease plus one-eighth of one percentage point (0.125%). Investment proceeds on amounts described in this clause (i) may be invested at an unrestricted yield for a period not to exceed three years from the date hereof or one year from the date of receipt of the amount earned, whichever period ends later and, thereafter may be invested at a yield not in excess of the yield on the Lease plus one-eighth of one percentage point (0.125%).

(ii) Equipment Cost. Sale proceeds derived from the Lease deposited in the Acquisition Escrow Fund and to be applied to pay Equipment cost may be invested at an unrestricted yield for a period not to exceed three years from the date hereof and, thereafter may be invested at a yield not in excess of the yield on the Lease plus one-eighth of one percentage point (0.125%). Investment earnings on obligations acquired with such proceeds may be invested at an unrestricted yield for a period not to exceed three years from the date hereof or one year from the receipt thereof, whichever period ends later and, thereafter may be invested at a yield not in excess of the yield on the Lease plus one-eighth of one percentage point (0.125%).

(b) Payment of Debt Service. Amounts used to make Rental Payments, if any, may be invested at an unrestricted yield for a period not to exceed thirteen months from the date of any deposit of such amounts with the Escrow Agent, provided such amounts are held by the Escrow Agent in an account that qualifies as a bona fide debt service fund (as defined in Treasury Regulation 1.148-1(b)). Thereafter, (i) in the event that such amounts are sale proceeds or investment proceeds, such amounts shall be invested at a yield not in excess of the yield on the Lease plus one-eighth of one percentage point (0.125%) and (ii) in the event that any of such amounts are replacement proceeds (as such term is defined in Section 1.148-1(c) of the Treasury Regulations) such amounts shall be invested at a yield not in excess of the yield on the Lease plus one-one thousandth of one percentage point (0.001%). Earnings on such amounts that are retained in such account may be invested at an unrestricted yield for a period not to exceed one (1) year from the date of receipt of the amount earned and, thereafter shall be subject to the rules

in the preceding sentence.

(c) Applicable Definition of Materially Higher Yield For All Yield Restricted Nonpurpose Investments When Replacement Proceeds Are Present. In the event that replacement proceeds arise during the term of the Lease, then, after the lapse of the applicable periods during which amounts described in this Section 7 may be invested at an unrestricted yield, all amounts described in this Section 7 shall be invested at a composite yield not in excess of the yield on the Lease plus one-one thousandth of one percentage point (0.001%).

Section 8. Yield Reduction Payments. Notwithstanding the foregoing, the yield on certain investments acquired with proceeds of the Lease will not be considered to be higher than the applicable yield limitation described in Section 7 above if the Co-Lessees make or cause to be made "yield reduction payments" to the United States Treasury at the time and in the amounts described in Section 1.148-5(c) of the Treasury Regulations. The Co-Lessees covenant to consult with Bond Counsel prior to making any "yield reduction payment" under Section 1.148-5(c) of the Treasury Regulations.

Section 9. Yield. For purposes of this Tax Certificate and with respect to the Lease, the term "yield" means that discount rate which, when used in computing the present value as of the Closing Date of all the unconditionally payable payments of principal and interest portion with respect to the Lease and all of the payments for a "qualified guarantee," if any, produces an amount equal to the present value, using the same discount rate, of the issue price of the Lease. For purposes of this Tax Certificate and with respect to obligations other than the Lease, "yield" on an investment allocated to an issue is the discount rate that, when used in computing the present value as of the date the investment is first allocated to the issue of all unconditionally payable receipts from the investment, produces an amount equal to the present value of all unconditionally payable payments for the investment. See, Section 148(b) of the Code and Sections 1.148-4 and 1.148-5 of the Treasury Regulations. The yield on obligations acquired with amounts described in Part C, Section 1 above, and the yield on the Lease will be calculated by the use of the same frequency interval of compounding interest. The yield on the Lease is not less than 4.59%.

(a) Investment Earnings. Investment earnings on amounts on deposit in the Acquisition Escrow Fund, if any, will be retained in such account or Fund and used for its purposes.

(b) Yield Restricted Moneys. Amounts described in Section 7 of this Part that may not be invested at an unrestricted yield pursuant to such section will be invested in either (i) Nonpurpose Investments (as defined in Section 2 of Part D of this Tax Certificate) which produce a yield (after taking into account any "yield reduction payments" as provided in Section 8 above) not in excess of the yield restrictions set forth in Section 7 of this Part, (ii) United States Treasury Certificates of Indebtedness, Notes and Bonds--State and Local Government Series ("SLGS"), or (iii) Tax-Exempt Bonds (as defined in Section 2 of Part D of this Tax Certificate).

Section 10. Universal Cap. Notwithstanding any restrictions on the investment of proceeds of the Lease, proceeds of the Lease and other amounts treated as proceeds of the Lease are allocated and remain allocated to the Lease, and are thereby subject to the restrictions

contained in this Tax Certificate, only to the extent that the value of such proceeds does not exceed the value of the outstanding obligations of the Lease.

Section 11. No Abusive Arbitrage Device. The Co-Lessees have not engaged in and will engage in a transaction or series of transactions enabling them to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and which increases the burden on the market for tax-exempt obligations, including selling obligations that would not otherwise be necessary or issuing obligations sooner or allowing them to remain outstanding longer than would otherwise be necessary. No device has been or will be employed in connection with the execution and delivery of the Lease in order to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates.

Section 12. Single Issue for Arbitrage Purposes. No governmental obligations other than the Lease have been, or will be, sold within fifteen (15) days of the sale date of the Lease, sold or issued pursuant to the same plan of financing as the Lease and will be paid out of substantially the same source of funds as the Lease.

PART D. REBATE

Section 1. In General. The Co-Lessees recognize that Section 148(f) of the Code requires that an amount equal to the sum of (i) the excess of the aggregate amount earned on all Nonpurpose Investments (defined in Section 2 of this Part) over the amount that would have been earned if such Nonpurpose Investments had a yield equal to the yield with respect to the Lease, plus (ii) any income attributable to the excess described in (i), be paid to the United States Treasury (the "Rebate Requirement"). The Co-Lessees covenant herein to comply with the Rebate Requirement as set forth in Section 148(f) of the Code and the Treasury Regulations.

For purposes of this Tax Certificate (including determining the Rebate Requirement), the term "Bond Year" shall mean each one-year (or shorter) period ending on each May 1 until the Lease is no longer outstanding. The first Bond Year shall begin on the date hereof and end on May 1, 2006.

Section 2. Nonpurpose Investments. The rules contained in this Part D relate to the requirement to comply with the provisions of Section 148(f) of the Code and the Treasury Regulations promulgated thereunder. The rules contained in this Part D shall apply to the investment of Gross Proceeds, as defined in Section 3 of this Part, in any security, obligation, annuity contract or any other investment-type property (as such term is defined in Section 1.148-1(b) of the Treasury Regulations) that is not acquired to carry out the governmental purpose of the Lease ("Nonpurpose Investments"). Nonpurpose Investments shall not include Tax-Exempt Bonds (as herein defined). For purposes of this Tax Certificate, the term "Tax-Exempt Bonds" shall include (i) obligations the interest on which is excludable from gross income for federal income tax purposes, (ii) stock in a regulated investment company to the extent that at least 95% of the income to the holder of the interest is excludable from gross income under Section 103 of the Code, and (iii) certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 CFR Part 344.

Section 3. Gross Proceeds. For purposes of this Tax Certificate, the term "Gross Proceeds" means:

- (a) sale proceeds;
- (b) pre-issuance accrued interest with respect to the Lease, if any;
- (c) amounts that are reasonably expected to be or are in fact used to pay debt service with respect to the Lease;
- (d) amounts pledged as security for the payment of debt service with respect to the Lease;
- (e) amounts treated as Transferred Proceeds with respect to the Lease, within the meaning of Section 1.148-1(b) of the Treasury Regulations, if any;
- (f) amounts treated as "replacement proceeds" with respect to the Lease, within the meaning of Section 1.148-1(c) of the Treasury Regulations, if any; and
- (g) investment proceeds related to amounts described in paragraphs (a)-(f) above.

Section 4. Yield. Yield, for purposes of complying with the Rebate Requirement, is to be calculated pursuant to Section 9 of Part C of this Tax Certificate. For purposes of calculating the yield on a Nonpurpose Investment, the purchase price will be the amount paid for such investment or, if different, the fair market value of such investment on the date it becomes Gross Proceeds.

Section 5. RESERVED.

Section 6. Record Keeping. With respect to all Nonpurpose Investments acquired in any fund or account established and held by the Co-Lessees or the Escrow Agent, the entity in custody of such fund or account or for whose benefit the fund or account is held shall record or cause to be recorded the following information: (i) purchase date, (ii) purchase price, (iii) information establishing that the purchase price is the fair market value as of such date (e.g., the published quoted bid by a dealer in such an investment on the date of purchase), (iv) any accrued interest paid, (v) face amount, (vi) coupon rate, (vii) periodicity of interest payments, (viii) disposition price, (ix) any accrued interest received, and (x) disposition date. To the extent any investment becomes a Nonpurpose Investment by becoming Gross Proceeds after it was originally purchased, it shall be treated as if it were acquired at its fair market value at the time it becomes a Nonpurpose Investment. To the extent any investment ceases to be a Nonpurpose Investment by ceasing to be Gross Proceeds prior to the date it is disposed of or matures, it shall be treated as if it were disposed of at its fair market value at the time it ceased to be a Nonpurpose Investment.

Section 7. Retention of Records. Amounts determined to be required to be paid to the United States in compliance with the Rebate Requirement shall be paid by the Issuer to the United States in accordance with the rules set forth in the Treasury Regulations. Records of all

determinations made hereunder shall be retained by the Issuer, on behalf of or for the benefit of the Issuer until six years after the complete retirement of the Lease.

Section 8. Bona Fide Debt Service Fund Exception. Amounts earned on moneys in a bona fide debt service fund shall not be taken into account for a Bond Year if the gross earnings thereon are less than \$100,000; an issue with an average annual debt service not in excess of \$2,500,000, may be treated as satisfying this \$100,000 limitation.

Section 9. Engagement of Experts. The Co-Lessees covenant that they will engage a firm nationally recognized in the calculation of rebate, to perform the calculations necessary to comply with the Rebate Requirement, as set forth in Section 148(f) of the Code and the Treasury Regulations, no later than May 23, 2010.

Section 10. Survival of Lease. Notwithstanding anything in this Tax Certificate to the contrary, the obligations set forth in this Part D shall survive the defeasance or payment in full of the Lease.

Section 11. Payment of Rebate. The Co-Lessees will pay the amount determined to be required to be paid to the United States in compliance with the Rebate Requirement. Each payment shall be made not later than 60 days after each computation date. Each payment, when added to all previous rebate payments with respect to the Lease, must be in an amount not less than 90 percent of the Rebate Requirement as of each computation date. All of the Rebate Requirement must be paid to the United States within 60 days after the final maturity date of the Lease. Payment shall be made to the applicable Internal Revenue Service office and be accompanied by Form 8038-T.

PART E. OTHER MATTERS

Section 1. No Pooled Financing Bonds. No portion of the proceeds derived from the Lease will be used, directly or indirectly, to make or finance loans to two or more ultimate borrowers.

Section 2. No Hedge Bonds. The Co-Lessees reasonably expect that at least 85% of the spendable proceeds of the Lease will be used to carry out the governmental purpose of the issue within the three year period beginning on the date hereof. Additionally, not more than 50% of the proceeds of the Lease will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more.

Section 3. No Federal Guarantee. The Co-Lessees will not directly or indirectly use or permit the use of any proceeds of the Lease or any other funds of the Co-Lessees, or take or omit to take any action, that would cause the Lease to be considered "federally guaranteed" within the meaning of Section 149(b) of the Code. The Co-Lessees have not and will not enter into, any (i) long-term service contract with any federal governmental agency, (ii) service contract with any federal governmental agency under terms that are materially different from the terms of any contracts with any persons other than federal government agencies, and (iii) lease of property to any federal government agency, that would cause the Lease to be considered "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 4. RESERVED.

Section 5. Information Reporting. The Co-Lessees certify that the information required by Section 149(e) of the Code and set forth in Internal Revenue Service Form 8038-G relating to the Lease (a copy of which is included in the transcript of closing documents with respect to the Lease) was provided to the Co-Lessees and reflects the reasonable expectations of the Co-Lessees with respect to the Lease and the proceeds thereof as of the date of this certificate. Such Form 8038-G shall be filed at the Internal Revenue Service Center in Ogden, Utah promptly after the Closing Date.

Section 6. Qualified Hedging Transaction. The Co-Lessees have not engaged, and will not engage, in any qualified hedging transaction (as such term is defined in Section 1.148-4(h)(2) of the Treasury Regulations) with respect to the Lease.

Section 7. No Early Issuance. The date of execution and delivery of the Lease has been determined solely on the basis of bona fide financial reasons, in accordance with ordinary financial practice in financing facilities similar to the Equipment, and has not been determined with a view to prolonging the period between the execution and delivery of the Lease and expenditure of the proceeds thereof.

Section 8. Tax Covenants. The Co-Lessees hereby covenant that money on deposit in any fund or account maintained in connection with the Lease, whether or not such money was derived from the proceeds of the Lease or from any other sources, will not be used in a manner that would cause the Lease to become an "arbitrage bond" within the meaning of Section 148 of the Code and the applicable regulations thereunder. The Co-Lessees hereby covenant that they shall not take any action which will, or fail to take any actions which failure will, cause the interest portion of the Rental Payments with respect to the Lease to become includable in the gross income of the owners of the Lease for federal income tax purposes pursuant to the provisions of the Code and the regulations promulgated thereunder in effect on the date of original execution and delivery of the Lease.

Section 9. Authority to Execute Tax Certificate. The undersigned are Authorized Officers of the Co-Lessees and are acting for and on behalf of the Co-Lessees in executing this Tax Certificate. To the best knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and these expectations are reasonable.

Section 10. Amendment. Notwithstanding any provision of this Tax Certificate, the Co-Lessees may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is based on a written opinion of Bond Counsel.

[Signature Page Follows]

Dated: May 23, 2005

NORTHERN VIRGINIA TRANSPORTATION
DISTRICT COMMISSION

By: Richard K. Taube
Richard K. Taube,
Executive Director

POTOMAC AND RAPPAHANNOCK
TRANSPORTATION DISTRICT
COMMISSION

By: Alfred H. Harf
Alfred H. Harf,
Executive Director

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Form **8038-G**

Information Return for Tax-Exempt Governmental Obligations

(Rev. November 2000)

► Under Internal Revenue Code section 149(e)

► See separate instructions.

OMB No. 1545-0720

Department of the Treasury
Internal Revenue Service

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name <u>Northern Virginia Transportation District Commission and Potomac and Rappahannock Transportation District Commission</u>		2 Issuer's employer identification number <u>[REDACTED]</u>	
3 Number and street (or P.O. box if mail is not delivered to street address) <u>c/o Northern Virginia Transportation District Commission</u> <u>4350 North Fairfax Drive</u>		Room/suite	4 Report number <u>3-1</u>
5 City, town, or post office, state, and ZIP code <u>Arlington, Virginia 22203</u>		6 Date of issue <u>May 23, 2005</u>	
7 Name of issue <u>2005 Master Lease Agreement and Equipment Schedule No. 1</u>		8 CUSIP number <u>N/A</u>	
9 Name and title of officer or legal representative whom the IRS may call for more information <u>Michael W. Graff, Jr., Esquire, Bond Counsel</u>		10 Telephone number of officer or legal representative <u>703-712-5110</u>	

Part II Type of issue (check applicable box(es) and enter the issue price) See instructions and attach schedule	
11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input checked="" type="checkbox"/> Transportation	13 25,100,000
14 <input type="checkbox"/> Public safety	14
15 <input type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input type="checkbox"/> Other. Describe	18
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

Part III Description of Obligations. (Complete for the entire issue for which this form is being filed.)				
(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 <u>May 1, 2030</u>	<u>\$ 25,100,000</u>	<u>\$ 25,100,000</u>	<u>< 25</u> years	<u>4.5900 %</u>

Part IV Use of Proceeds of Bond Issue (including underwriter's discount)	
22 Proceeds used for accrued interest	22
23 Issue price of entire issue (enter amount from line 21, column (b))	23 25,100,000
24 Proceeds used for bond issuance costs (including underwriters' discount)	24 260,000
25 Proceeds used for credit enhancement	25
26 Proceeds allocated to reasonably required reserve or replacement fund	26
27 Proceeds used to currently refund prior issues	27
28 Proceeds used to advance refund prior issues	28
29 Total (add lines 24 through 28)	29 260,000
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30 24,840,000

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	_____ years
33 Enter the last date on which the refunded bonds will be called	_____
34 Enter the date(s) the refunded bonds were issued	_____

Part VI Miscellaneous	
35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35
36 a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a
b Enter the final maturity date of the guaranteed investment contract	_____
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer _____ and the date of the issue _____	
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

Please
Sign
Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Richard K. Tank 5/23/05
Signature of issuer's authorized representative Date

April B. May 5/23/05
Signature of issuer's authorized representative Date

Chairman, Northern Virginia Transportation District Commission
Type or print name and title
EXECUTIVE DIRECTOR 1788
Chairman, Potomac and Rappahannock Transportation District Commission
Type or print name and title

For Paperwork Reduction Act Notice, see page 2 of the instructions.

Form 8038-G (Rev. 11-2000)

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McGuireWoods LLP
1750 Tysons Boulevard
Suite 1800
McLean, VA 22102-4215
Phone: 703.712.5000
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Linda S. Hayes, Paralegal
Direct: 703.712.5395

McGUIREWOODS

lhayes@mcguirewoods.com
Direct Fax: 703.712.5269

May 26, 2005

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Internal Revenue Service
Ogden, UT 84201

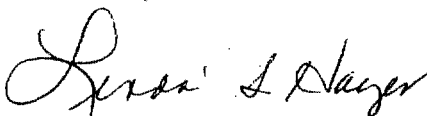
Northern Virginia Transportation District Commission and
Potomac and Rappahannock Transportation District Commission
Form 8038-G

Ladies and Gentlemen:

In connection with the captioned bond financing, enclosed for filing is the Information Return for Tax-Exempt Governmental Obligations (Form 8038-G). This document is being submitted to you pursuant to the requirements of 149(e) of the Code.

Please receipt for this filing on the extra copy of the Form 8038-G which is enclosed and return it to the undersigned in the enclosed self-addressed, postage paid envelope.

Sincerely,



Linda S. Hayes
Paralegal

Enclosures

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INVESTMENT REPRESENTATION LETTER

Northern Virginia Transportation District
Commission

Potomac and Rappahannock Transportation
District Commission

Ladies and Gentlemen:

BTM Funding Corporation (the "Purchaser") intends to purchase directly from Northern Virginia Transportation District Commission and Potomac and Rappahannock Transportation District Commission (together, the "Co-Lessees") a capital lease (the "Lease") pursuant to that certain Master Lease Agreement dated as of May 1, 2005 between the Purchaser, the Co-Lessees and SunTrust Bank, as escrow agent. The proceeds of the Lease will be used to enable the Co-Lessees to finance railway cars and various other equipment (the "Equipment").

The Purchaser hereby agrees that its purchase of the Lease shall constitute an affirmation, with respect to its purchase of such Lease, of the following representations, upon which you may rely:

1. The Purchaser understands that no official statement, prospectus, offering circular, private placement memorandum or other offering statement containing material information with respect to the Co-Lessees or the Lease is being furnished.
2. The Purchaser acknowledges that it has had the opportunity to obtain such information and materials as the Purchaser believes to be necessary to evaluate the merits and risks of investment in the Lease. In making its investment decision, the Purchaser has relied solely upon its independent investigation and had the opportunity to ask questions and receive answers concerning the Co-Lessees, the Lease and the security therefor.
3. The Purchaser has knowledge and experience in financial and business matters that make it capable of evaluating the merits and risks of investment in the Lease. The Purchaser acknowledges that no market exists for resale of the Lease. The Purchaser is able to bear the economic risks of such investment for an indefinite period of time.
4. The Purchaser acknowledges that it is an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended.

5. The Purchaser recognizes that in this transaction, neither Lease Counsel nor the Co-Lessees' financial advisor is responsible for the completeness and accuracy of any information or materials furnished to the Purchaser or obtained by it from any source, and acknowledges that, as between the Purchaser and the Co-Lessees, the Purchaser assumes responsibility for obtaining such information and making such investigation as it deems necessary or desirable in connection with its decision to purchase the Lease.
6. The Purchaser understands that the Lease will carry no rating from any rating service, and pursuant to exemptions therefrom, is not being registered under the Securities Act of 1933, as amended, and is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state. The Purchaser acknowledges that the Lease may be resold in the future only in compliance with applicable federal and state securities laws.
7. The Purchaser is acquiring the Lease solely for investment for the Purchaser's own account and not with a view to, or for offer or sale in connection with, a public distribution of the Lease.

This letter is intended solely for the use and benefit of the addressees; no other person may rely hereon.

Dated: May 23, 2005

BTM FUNDING CORPORATION

By: _____

Name: Cheryl A. Behan

HK Title: Senior Vice President

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McGUIREWOODS

May 23, 2005

Northern Virginia Transportation District Commission

Potomac and Rappahannock Transportation District
Commission

BTM Funding Corporation

\$25,100,000

Northern Virginia Transportation District Commission ("NVTC") and
Potomac and Rappahannock Transportation District Commission ("PRTC")
Master Lease Agreement with BTM Funding Corporation (the "Lessor")
dated as of May 1, 2005 (the "Master Lease Agreement") and
Equipment Schedule No. 1 thereto dated May 23, 2005 (together, the "Lease")

Ladies and Gentlemen:

We have served as Lease Counsel to NVTC and PRTC (together, the "Co-Lessees") in connection with the execution and delivery by the Co-Lessees of the above-referenced Lease. The Lease is issued under the Master Lease Agreement and resolutions of NVTC and PRTC adopted on May 16, 2005 and May 5, 2005, respectively (together, the "Resolutions"). Under the Lease, the Co-Lessees will make payments of principal and interest on the Lease (the "Rental Payments"). We refer you to the Lease and the Resolutions for a description of the purposes for which the Lease is issued, its terms and the security for it. Unless otherwise defined, each capitalized term used in this opinion has the meaning given to it in the Lease.

In connection with our opinion, we have examined the Constitution of Virginia and the applicable laws of the United States and of the Commonwealth of Virginia, including, without limitation, the Internal Revenue Code of 1986, as amended (the "Code"), NVTC's enabling act, Chapter 630, 1964 Acts of Assembly of Virginia, as amended (the "NVTC Act"), PRTC's enabling act, Chapter 45, Title 15.2 of the Code of Virginia of 1950, as amended, and the ordinances adopted by the governing bodies of the Cities of Manassas, Manassas Park and Fredericksburg and the Counties of Prince William and Stafford, Virginia to create PRTC pursuant to such act (collectively, the "PRTC Act," and, together with the NVTC Act, the "Acts"), the Lease and the Resolutions (the foregoing documents being the "Co-Lessees Documents"), and such certified proceedings and other documents of the Co-Lessees as we deem necessary to render this opinion.

As to questions of fact material to this opinion, we have relied upon (i) representations of the Co-Lessees contained in the Co-Lessees Documents and related documents and the certified

proceedings, and (ii) other certifications of public officials furnished to us, without undertaking to verify them by independent investigation.

In rendering this opinion, we have assumed that all documents, certificates and instruments relating to this financing have been duly authorized, executed and delivered by all parties to them other than the Co-Lessees, and we have further assumed the due organization, existence and powers of such parties other than the Co-Lessees.

Based on the foregoing, we are of the opinion that, under current law:

1. NVTC is a validly existing body corporate and a political subdivision of the Commonwealth of Virginia duly created by the NVTC Act, with all requisite power and authority under the NVTC Act to enter into and perform its obligations under the Lease.

2. PRTC is a validly existing body corporate and a political subdivision of the Commonwealth of Virginia duly created by the PRTC Act, with all requisite power and authority under the PRTC Act to enter into and perform its obligations under the Lease.

3. The Lease has been duly authorized, executed and delivered by the Co-Lessees in accordance with the Acts and, subject to paragraph 4 below, constitutes a valid, binding and enforceable limited obligation of the Co-Lessees.

4. The principal and interest portions of the Rental Payments do not constitute a debt of the Commonwealth of Virginia or any of its political subdivisions. Neither the Commonwealth of Virginia nor any of its political subdivisions, including the Co-Lessees and the VRE's Participating Jurisdictions, is legally obligated to pay such principal and interest portions of (or other costs incident to) the Rental Payments, except from the property of the Co-Lessees pledged for such purpose under the Lease, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any of its political subdivisions is pledged to the payment of the principal or interest portions of (or other costs incident to) the Rental Payments. The Co-Lessees have no taxing power.

5. The enforceability of the obligations of the Co-Lessees under the Lease is subject to bankruptcy, insolvency, reorganization, moratorium and similar laws now or hereafter in effect that affect creditors' rights generally and the exercise of judicial discretion in accordance with general principles of equity. The Co-Lessees' obligations to pay the cost of their performance under the Lease, including, without limitation, their obligations to make all Rental Payments under the Lease, are also subject to and dependent upon appropriations being made from time to time for this purpose by the Co-Lessees and by the VRE's Participating Jurisdictions.

6. The interest portion of the Rental Payments is excludable from gross income for federal income tax purposes.

The opinion set forth in this paragraph 6 is subject to continuing compliance by the Co-Lessees with the requirements of the Code that must be satisfied after issuance of the Lease to ensure that the interest portion of the Rental Payments is and continues to be excludable from gross income for federal income tax purposes. The Co-Lessees have agreed in the Lease to comply with such requirements. Failure to comply with certain of these requirements may cause the interest portion of the Rental Payments to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Lease.

7. The interest portion of the Rental Payments and the income from the Lease, including any profit made on its sale, are exempt from taxation by the Commonwealth of Virginia and any of its municipalities, counties or other political subdivisions.

Except as set forth in paragraphs 6 and 7, we express no opinion regarding any tax consequences arising with respect to the Lease.

Our services as Lease Counsel have been limited to rendering the foregoing opinion based on our review of such legal proceedings as we deem necessary to approve the validity of the Lease and the tax-exempt status of the interest portion of the Rental Payments. We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of any information relating to the Co-Lessees that may have been relied upon by any owner of any interest in the Lease or the Equipment financed thereby in making a decision to purchase such interest.

This opinion is rendered as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

McGuire Woods LLP